

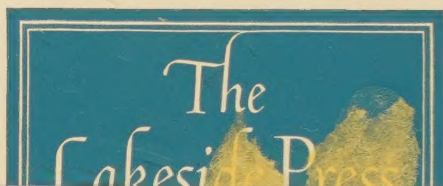
The First Seventy-five Years of
THE HARRIS ORGANIZATION

1882-1957



HARRIS TRUST AND SAVINGS BANK

Organized as H. W. Harris & Co., 1882. Incorporated 1907



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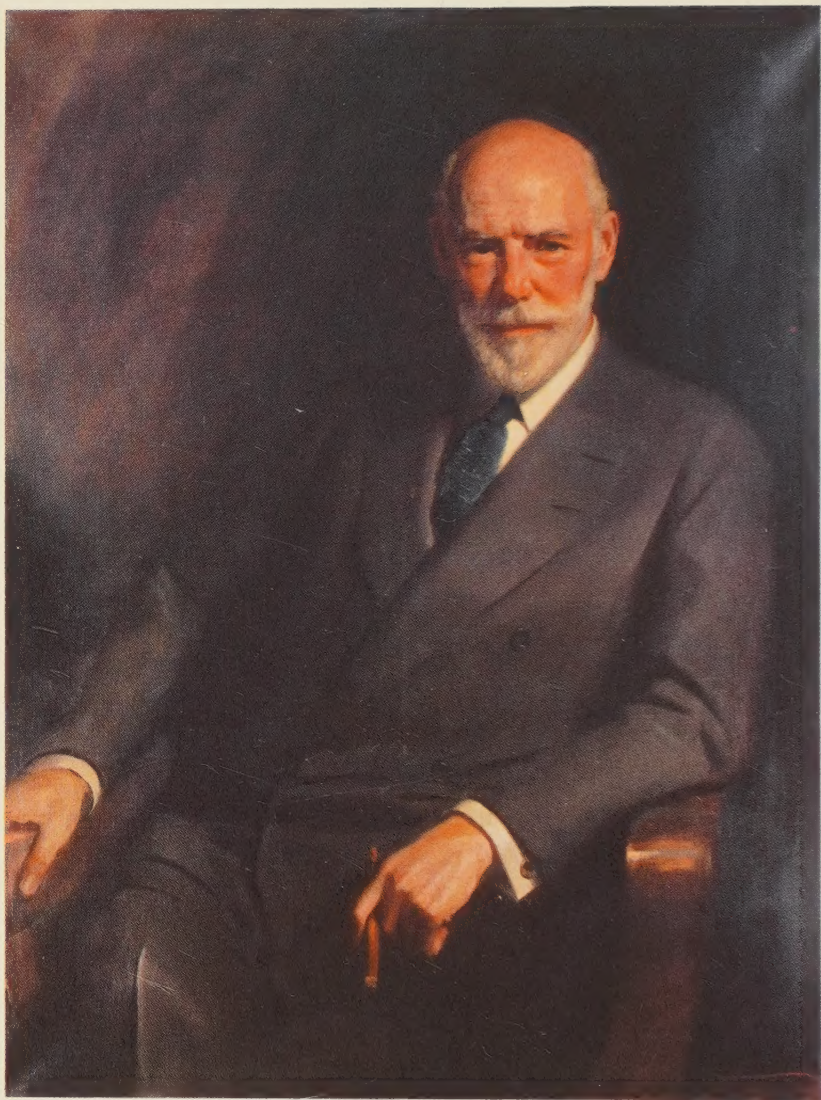
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The First Seventy-five Years of The Harris Organization



ALBERT W. HARRIS

From oil painting by Frank Salisbury, 1935

The First Seventy-five Years of

THE HARRIS
ORGANIZATION

1882-1957

BY ALBERT W. HARRIS



HARRIS TRUST AND SAVINGS BANK

Organized as N. W. Harris & Co., 1882

Incorporated 1907

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*The Lakeside Press, R. R. Donnelley & Sons Company
Chicago, Illinois, and Crawfordsville, Indiana*

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PREFACE

THIS VOLUME has been prepared for all members of the Harris Trust and Savings Bank to acquaint them with the proud and intimate history of this business of which they are now a part.

It is the personal narrative of Mr. Albert W. Harris, within whose life span has taken place the entire seventy-five years of the Harris Organization. Starting as its first office boy, he served as President from 1916 to 1923, as Chairman of the Board from 1923 to 1943, and as Director until his retirement from the Board January 14, 1948.

As he has dedicated himself to these years of the past, so will we of the present dedicate ourselves to carrying on the high principles of the Harris Organization in the years ahead.

PROLOGUE

THIS HISTORY of the first seventy-five years of the Harris Organization is written solely for the Organization and the record. The reputation we have made is based on what we have done and not on what we are going to do. If the record of the past is any criterion, with the organization we now have, the record for the next seventy-five years should be even better.

As the first office boy seventy-five years ago, and having filled many assignments since, the writer has been asked to recall and start the record. In doing this, many of the early members of the organization come before him quite vividly. They were a wonderful lot of men and women who knew how to play the game, had the courage of their convictions, and lived up to their principles. They laid the foundation for the organization's future reputation and we have carried it on since to their credit.

With the passing of the years we grew in number. A galaxy of such people comes before me and their numbers are still growing. As the writer reviews them passing before his memory, he realizes the influence they had in shaping our destiny.

The figures and statistics which go into this history necessarily will represent only the results of the team work by the organization as a whole and this book is so dedicated to the Harris Organization.

ALBERT W. HARRIS

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The First Seventy-five Years of The Harris Organization



NORMAN WAIT HARRIS

1846-1916

NORMAN WAIT HARRIS was born one hundred eleven years ago on March 12. It was on a rockbound farm in Berkshire County, Massachusetts. His father, Nathan Wait Harris, was born on a similar farm in Berkshire County in the heart of the Berkshire Hills, as was also his grandfather, who by the way was the first white child born in this county. His mother, Charity Emeline Wadsworth, was born in the little village of Becket in Berkshire County. He had two older brothers, D. J. and Flavel and a younger sister Martha. The family were devout members of the Baptist Church and took an active part in the community.

It was in this environment that Norman grew up. The Civil War was raging when at sixteen years of age he ran away from home and enlisted in the Massachusetts Infantry. They were soon at the front. Later, while in the hospital tent, it was discovered he was only sixteen years old, so he was discharged and sent home to recuperate.

When he was nineteen years old he went to Cleveland, Ohio, and entered into partnership with an older man as agent for a life insurance company. Almost immediately his partner absconded with funds belonging to the insurance company. In checking up to ascertain the amount of the shortage, his lawyer told him that, as he was not of age, he could not be held liable for the shortage. This idea did not appeal to him. He had been brought up with ideas of rectitude. After it had been learned how much the shortage was he reimbursed the company out of his own pocket. The

shortage was about one thousand dollars and it took practically all his savings to pay the claim. He then went to Cincinnati, Ohio, where a new insurance company was being organized, called the Union Central Life Insurance Company. He helped in the organization of this company and was made secretary and manager. Things were happening rapidly and he was learning fast. The first policy the company wrote which bears his signature as secretary was dated April 14, 1867.

During the next thirteen years he worked assiduously at advancing the interests of the company. He had an engaging personality and had become proficient as an organizer and salesman. He had become well-known among the insurance profession not only because of his organizational ability, but because of his reputation for integrity and fair dealing.

It was at the turn of 1881, when the company had become a prosperous and fast growing organization, that he got the idea that instead of working for somebody else he should go into business for himself. When he broached this idea to his board of directors, they offered to make him president and increase his salary if he would remain with the company. He did not change his mind about starting his own business and so, settling his accounts with the Union Central Life Insurance Company, he came to Chicago to mature his plans and decide just what business he was going to engage in. He was a great believer in the future of the country. In fact, his confidence in the future growth and prosperity of the United States was almost prophetic. He realized that the West needed money for public improvements and that the East had the

UNION CENTRAL LIFE Insurance Company.



19 WEST THIRD STREET, CINCINNATI, O.

JOHN COCHNOWER, President.

N. W. HARRIS, Secretary.

JOHN P. P. PECK, Vice-President.

THIS POLICY OF ASSURANCE

Witnesseth, That the
Union Central Life Insurance Company,

In Consideration of the presentation made to them in the application for this Policy and the sum of
Three Hundred and Ninety ————— Dollars, and — Fifty ————— Cents,

To Them in Hand Paid, by Lewis C. ————, J. B. ————, King and ———— & Peck

and the sum of ————— Dollars and ————— Cents, to be paid on or
before the ————— day of ————— next, and of all loans and interest made

upon this Policy at any time, and of the ————— premium of ————— Dollars
and Fifty ————— Cents, to be paid on or before the ————— day of —————

every year during the continuance of this Policy; one third of which, (provided the payments are made annually,) may
be entered as a loan upon this Policy

Do Assure the Life of ————— of —————

in the County of ————— State of ————— in the amount
of ————— Dollars. (with participation in profits) for the term of —————

and the said Company do hereby Promise and Agree to pay the amount of said assurance at the Office in the City of Cin-
cinnati, Ohio, on the ————— day of ————— next, and in every such case, the said Company shall not be liable for the amount assured, or any
part thereof, and this Policy shall cease and determine.

This Policy is issued and accepted by the assured, upon the following express conditions and agreements

1st. If the said person, whose life is hereby assured, shall reside beyond the limits of the United States, (excepting in the settled limits of the two Canadas, Nova
Scotia, or New Brunswick, or in any of those States or Territories which lie south of the southern boundary of the States of Virginia, Kentucky, Missouri or Kansas, or
shall die by his own hand, or by the hands of justice, or in consequence of a duel, or shall engage in the manufacture of Gunpowder, Fire Works, or other explosive ammuni-
tion, or in submarine or mining operations, or engage or continue in any military or naval service whatsoever, either voluntarily or otherwise, in times of war or rebellion,
then this Policy shall be null, void, and of no effect

2nd. In every case when this Policy shall cease and determine, or become null and void, all payments thereon shall be forfeited to this Company, except as herein-
after provided

3rd. If the said premium shall not be paid on or before the days above mentioned for the payment thereof, at the Office of this Company, in the City of Cincinnati, or to
agents when they produce receipts signed by the President or Secretary, then and in every such case, the said Company shall not be liable for the amount assured, or any
part thereof, and this Policy shall cease and determine.

4th. If after premiums upon this Policy for not less than two complete years of assurance, have been duly received by this Company, this Policy should cease in con-
sequence of default in payment of a subsequent premium, this Company will, on surrender of this Policy duly receipted, issue in lieu thereof, a new paid-up Policy for an
amount equal to whatever the payable value of this Policy will purchase at the date of such default, provided that such surrender be made within three months of the
date of such default

5th. If this Policy should be assigned or held as security, written notice shall be given to this Company, and due proof of interest produced with the proof of death.

In Witness Whereof, The said Union Central Life Insurance Company, have by their President and Secretary, signed and affixed the
Company Seal, and delivered this contract, this ————— day of ————— One Thousand Eight Hundred and Sixty —————

But the same shall not be binding until countersigned by

N. W. Harris Secretary *John Cochnowyer* President
Countersigned at ————— this ————— day of ————— 1867
Arthur H. Peck Agent.

Copy of first insurance policy written by Union Central Life Insurance Company,
bearing signature of N. W. Harris, Secretary

money so he got the idea that he would help in the growth of the country by securing necessary funds for public improvements in the West from the eastern part of the country. While he was working on the problem, he was also debating whether he should locate his office in New York or in Boston, where the money was. So here will close this little sketch of N. W. Harris as he arrived in Chicago with very little money, but with a reputation for organization, salesmanship and integrity, which was worth more than any amount of money.

He was only thirty-four years old, but he had already placed one organization on its feet successfully and was about to start another that would rise to national importance, though he could have had no idea of how important and successful it would become.

THERE is nothing surer than death and taxes. This old adage is no doubt part of the vocabulary of every insurance agent. With the principles back of life insurance in mind, it is not surprising that N. W. Harris considered the investment banking business somewhat similar to the insurance business. Bonds secured by taxes should be another form of insurance.

While engaged in maturing his plans he took desk room in Judge Driggs' office in the Ashland Block at the northeast corner of Clark and Randolph Streets. Here he became acquainted with a young attorney in that office by the name of A. G. Farr. Mr. Farr was born in Brandon, Vermont, taught school in Columbus, Ohio, had studied law, had been admitted to the bar, and was one of Judge Driggs' assistants. Mr. Harris and Mr. Farr studied the laws governing the issuance of municipal bonds. They found the laws inadequate in many instances, so to Mr. Farr was assigned the responsibility of getting new laws passed. In discussing with Mr. Nickerson, president of the First National Bank, where he would establish his permanent headquarters, Mr. Nickerson urged Mr. Harris to stay in Chicago. Mr. Nickerson was an optimist not only about the future of Chicago but about the future of the country.

The first thing that confronted Mr. Harris was his lack of capital for the business in which he proposed to engage. He also needed some earning capacity to carry him along. For this purpose he arranged with the Provident Life In-

surance Company to make farm loans for them in Illinois and Indiana. His older brother, Dr. D. J. Harris, who had acted as surgeon during the Civil War, had practiced medicine in Oberlin, Ohio. He was medical advisor for the Union Central Life Insurance Company. Mr. Harris got him to come up and take charge of the farm loan end of the business. Mr. Farr was still working on the necessary legal requirements. The financial problem Mr. Harris took up with Mr. Nickerson and he also discussed with him the plans he had in mind. Mr. Nickerson was so impressed with Mr. Harris' plans that he offered to lend him sufficient money to take up and pay for such bonds as he purchased up to a reasonable amount, the loans to be repaid when the securities were sold. This for the time being settled the financial problem and he was ready to proceed. This incident illustrates how valuable a man's reputation can be.

He then formed a partnership, taking in as junior partners his brother, Dr. D. J. Harris, and Mr. A. G. Farr. The first space rented was a basement office in the Howland Block, located at the southwest corner of Dearborn and Monroe, and here we have the firm starting in business on May 1, 1882. Dr. D. J. Harris was making the farm loans for the Provident Life Insurance Company. He had as his assistant, Thomas Dow, a young attorney who had specialized in this sort of work. Mr. N. W. Harris was doing some of the buying and all of the selling. Mr. Farr assisted by J. W. Edmonson looked after the office management and legal matters necessary for the purchase of municipal bonds. There was, of course, an office force consisting of a book-

keeper and a couple of stenographers. The writer acted as office boy, but only during the summer vacations of 1882 and 1883. His duties were to run errands, copy letters in the letter press and mail them, and do anything else he was told to do.

The firm consisted of three Yankees, as New Englanders were then called. Their letterhead read N. W. Harris & Co., Investment Bankers. This financial partnership started with a capital of \$30,000, practically all of which belonged to Mr. N. W. Harris. If Mr. Harris' optimism had not materialized and the business had not grown to its present status, this narrative, of course, would not have been written.

There is nothing which most people are more careful about than the investment of their money and they insist on entrusting it only to those whose reputation justifies it. Mr. N. W. Harris was firmly convinced of the value of a person's or corporation's reputation for honesty and fair dealing. No one knew better than Mr. Harris the value of a reputation. He was very particular in the selection of his associates. He often remarked, "We must make our reputation for honesty and fair dealing. Our opinions and recommendations must be based upon facts. No one's judgment is any good unless it is based upon facts and this is to be a fact-finding organization." "Honesty and Fair Dealing" was the organization's slogan.

The fact that the new firm was overwhelmed with business from the start indicated that Mr. Harris had seen no mirage when he visualized the need for development in the West and the demand there would be in the East for safe investments.

LAUNCHING A BUSINESS is no doubt a good deal like launching a large ship. A ship slides down the ways into the water, but the real business of transporting cargoes on long voyages cannot be undertaken until several trial trips have been made. These trial trips show what further plans need to be made before embarking on any extensive voyages. So with the new firm, by the time they had made a few purchases and sales of securities, the volume of business which presented itself was so great that it was apparent many more people would be needed immediately to handle it. Eventually, to get the facts, it was necessary to secure the services of engineers and accountants, people who could report on the actual value of properties and also on the earnings. The reputation of these people had to be ascertained before entrusting to them the making of reports of the facts. On engineering and accounting reports, instructions were given to find out everything that was detrimental to the securities. In other words, their reports were supposed to include not only the good points but all the bad ones. Then there had to be outside counsel to pass on the legality. All purchases were made subject to full investigation being satisfactory. So, in addition to the regular office force, very soon there were these experts retained to make reports and pass on all legal matters. The firm did not propose to overlook any means of acquiring all the facts in advance regarding any contemplated purchase.

The details of buying a large amount of securities could

be handled from Chicago, but a sales organization had to be established almost immediately in the East where the securities could be sold. It was evident that purchases on a large scale could not be made faster than they could be sold; therefore, one of the things which engaged Mr. Harris' attention was establishing a selling office. The volume of municipal bond business which presented itself developed even sooner than anybody could have anticipated. The cities, counties and states needed more public improvements and along with this demand for funds there developed later almost as large a need for the financing of public utilities.

IT WAS IN THE SPRING OF 1887 that our first office boy returned and was promoted to filing clerk and left to his own devices. He had spent the last four years in the sticks and an office in a big city was a strange place to him. The men wore collars and ties and the women didn't wear aprons. Not everyone carried his lunch; some people went out to a restaurant.

His first such experience occurred when Mr. Edmonson, whom he had met when he was office boy, took him to lunch. They went to the "Best Restaurant" on Dearborn Street, just south of Madison. Each had a sandwich, a piece of pie, and a cup of coffee, which cost them fifteen cents each, and then they bought five-cent cigars and walked around the block and smoked them before going back to the office. This was the writer's regular procedure while he was getting oriented, so to speak, to his job and the office. He very shortly had learned who was who and what was going on.

This was the sixth year since the firm started in business. It had moved from the Howland Block to the Montauk Building in 1885. This was to the west of the First National Bank Building, which was on the northwest corner of Dearborn and Monroe, and we occupied one-half of the first floor. It was a busy place. Everybody seemed to have a different job and was busy doing it.

As the writer got better acquainted, he found out what had happened while he was away.

We had opened an office in Boston in 1886, which was

now in full operation, with Isaac Sprague as the head man. Everyone was very friendly and willing to help the writer with any information he needed. In fact, it seemed like a big family. Everyone was called by first name or initials, except A. G. Farr, who had charge of the office, and was the only one referred to as "Mister." It was surprising to the writer to hear his father referred to as N. W. and Dr. Harris as D. J.

The main business of the office was in connection with investigating securities and then buying them. N. W. was spending a great deal of time traveling and getting the Boston office into good working shape. Some of the men went out to investigate properties and attend sales of municipal bonds. Then there were the experts who were hired in case of the purchase of a bond issue to investigate the values, accounting, and legality of such issues before they were taken up and paid for. Nothing was sold that we had not already purchased for our own account and into which we were not satisfied to put our own funds.

We heard a good deal about building a reputation. The subject everyone was studying was how best to serve our clients—those from whom we bought securities and those to whom we sold them. There was very little discussion or mention of any profit. The atmosphere seemed to be charged with three main ideas: get the facts, give the service, and build up the reputation of the organization for honesty and fair dealing. This was the atmosphere and surroundings the writer found in the organization on his return in 1887.

The writer had an opportunity to size up the relationship

WE OWN AND OFFER A LIMITED
AMOUNT OF

City of Hastings, Neb., Funding 6's.

Estimated value of property.....\$4,243,000
Total indebtedness..... 161,000
Denomination of bonds, \$500. Population, 12,000

Gogebie Co., Mich., Court-house 5½'s.

Assessed valuation.....\$4,553,600
Total indebtedness..... 62,475
Denominations, \$1,000. Population, 17,000.

Barton Co., Kan., Funding 6's.

Assessed valuation.....\$3,500,000
Total indebtedness..... 35,000
Denomination, \$500. Population, 16,000.

Wyandotte Co., Kan., Asylum 6's.

Assessed valuation.....\$6,926,317
Indebtedness..... 212,000
Population, 40,000.

City of Grand Island, Neb., Water 6's.

True value of property, estimated..\$4,000,000
Total indebtedness..... 80,000
Denomination, \$1,000. Population, 11,000.

Lincoln, Ill., Refunding 5's.

Estimated value of property.....\$1,000,000
Total indebtedness..... 98,000
Population, 6,500. Denomination, \$1,000

Wyoming Territory 6's.

Estimated value of property.....\$100,000,000
Total bonds..... 230,000
Population, \$65,000. Denomination, \$1,000

Send for Descriptive Bond List.

N. W. HARRIS & CO., Bankers,

115-117 Monroe st., Chicago.

56 Devonshire st., Boston.

Advertisement in

"The Daily Inter Ocean" (Chicago)

April 7, 1888

between the three partners and the organization and this may be a good place to refer to their activities and personalities, because they were, for a while, the main spring of the organization. As stated, everybody referred to them as N. W., D. J., and Mr. Farr.

N. W. was the man who had the ideas and carried out most of them personally. D. J. was a very conservative investigator and went thoroughly into the details he undertook. Mr. Farr was the teacher. Mr. Farr and N. W. made a great team, and had great confidence in each other's judgment.

They say everybody is human, but that some are more human than others. Mr. Farr was one such individual, but he tried to lean over backwards to conceal it. It was in 1886 that the writer first learned what a great man Mr. Farr was. This was the time of the Haymarket Riot. A mob had surrounded the City Hall. Mr. Farr stepped out of an office onto a window ledge which was across from the City Hall, raised his hand until the tumult subsided, and then played two or three national hymns on his flute. As he raised his hand in a parting salute, the crowd dispersed quietly.

These three men, whose abilities the writer was just beginning to understand, implanted in the organization the ambition to build a reputation for all the things for which they stood. Everyone was imbued with the idea that he or she personally was responsible for building and maintaining it. The volume of sales and purchases was increasing.

In 1889 we moved into the ground floor of the Crilly Building, which was located on the northeast corner of Dear-

born and Monroe. This put us opposite the First National Bank and, wanting to be in good company, we changed our letterhead to read "Opposite the First National Bank." In the seven years of its existence, the firm had moved twice, but never far from the First National Bank, from which we borrowed considerable money with bonds as collateral.

The First National Bank had a new president, Mr. Lyman J. Gage. He and N. W. continued the relationship which Mr. Harris had with Mr. Nickerson. Our new quarters were quite commodious at the start, but our business kept growing. We were making a reputation as a financial institution and Mr. N. W. Harris was becoming quite well-known, not only in Chicago, but in Boston and New York. We had many requests from different places not only to purchase utility bonds, but also for advice regarding methods of financing.

The writer up to this time was only an observer of what went on. He did not really comprehend the position the firm was establishing for itself and can report only what he saw. Great importance was put on doing things right, going out of our way to give service and full information.

Some of us who were learning the business were sent out to attend sales of municipal bonds and we were assigned to the Buying Department. Others were sent out to call on banks and prospective customers to see if they could sell any bonds. Others were engaged in office work, and some duties of the older members were to pass upon the information obtained regarding securities to decide if they were conservative enough to purchase and offer to our clients. We had been advertising the firm quite extensively by mailing a circular

STATEMENT OF
N. W. HARRIS & CO., BANKERS,
 CHICAGO, ILLS.

At the Close of Business September 30, 1890.

RESOURCES.

Loans and Discounts,	-	-	-	-	-	\$	13,353.00	
\$1,275,150.00 (Face Value) County, City and other Municipal Bonds,							1,338,736.21	
\$19,233.75 First Mortgages on Real Estate,							19,615.65	
\$206,000.00 First Mortgage Railroad, Water Co. & St. R. R. Bonds,							208,310.43	
Due from Banks and Bankers,	-	-	-	-	-		70,771.20	
Due from Individuals and Corporations,	-	-	-	-	-		6,821.87	
Partial payments on City and other Bonds not yet delivered,							13,350.00	
American Trust and Savings Bank Stock, Chicago Auditorium, }								
Street Railway and other Stocks. Market value over }							60,000.00	
Furniture and Fixtures,	-	-	-	-	-		5,896.50	
Cash on Hand,	-	-	-	-	-		18,517.93	
								\$1,755,372.79

LIABILITIES.

Capital Stock,	-	-	-	-	-	-	\$400,000.00	
Undivided Profits,	-	-	-	-	-	-	15,893.40	
Due to Banks and Bankers,	-	-	-	-	-	-	978,859.46	
Due to Individuals and Time Depositors,	-	-	-	-	-	-	359,368.38	
Cashier's Checks Outstanding,	-	-	-	-	-	-	1,251.55	
								\$1,755,372.79

STATE OF ILLINOIS, }
 COUNTY OF COOK. } ss.

I, ELMER E. BLACK, Assistant Cashier of the above named Bank,
 do solemnly swear that the above statement is true to the best of my knowledge and belief.

ELMER E. BLACK, Asst. Cashier.

STATE OF ILLINOIS, }
 COUNTY OF COOK. } ss.

Subscribed and sworn to before me this third day of October, A. D.

ALBERT G. FARR, Notary Public,

1890.

every month with offerings of all the bonds we had for sale. These circulars went to all the banks in our territory and all the prospective customers we had on our list.

When the writer was first sent out to make acquaintances and sell bonds, he was surprised at the cordiality of his reception, particularly by the banks, and at the information they wanted, but he was disappointed at the amount of bonds he was able to sell. However, he gathered the names of many prospective customers and made many friends. Next, he was put into the Buying Department and spent a great deal of time traveling and attending sales of municipal bonds offered by the cities, counties and states over the West and as far east as Ohio. Our advertising by circulars every month and the visits of a half dozen men to various sections of the country made the firm very well-known in a comparatively short time.

In 1890 we established an office in New York at Broad and Wall Streets. A. M. Harris, son of D. J. Harris, who was acting as cashier in Chicago, was sent to New York to get the office started and N. W. Halsey, who had been buying bonds for the organization in the West, was sent down to run it. During the next few years no changes were made, except that the business and reputation of the firm continued to increase and Mr. N. W. Harris' reputation for business acumen and sound judgment had spread over the country.

The depression of 1893, so-called, was a test, among other things, of the ability of banks to secure currency for their clients. It is hard to realize this today, but then, for a short period, it was almost impossible to obtain currency. Banks

were striving to build up their cash so as to be able to pay it out on demand. One could not sell Government bonds in those days on the Stock Exchange. Realizing this, Mr. Harris offered our services to several banks to sell municipal bonds which they had purchased from us.

This offer was gladly accepted. We dropped our own business and everybody in the organization went out to sell bonds for these banks and actually succeeded in raising quite an amount of money in this way for them. We sold bonds for the Society for Savings at Cleveland and delivered currency until told to stop. They had all the cash they needed. Their directors passed a resolution of appreciation for what we had done for them, which was sent to us.

The family grew rapidly from this time on. Business had increased and the demand for municipal bonds necessitated more facilities for their purchase and sale, more records, more men to sell the bonds, and more work for the Buying Department. The Chicago office at first grew the fastest, as all the buying, investigation, accounting, and financing were done here.

Elmer E. Black developed into the salesman of the organization. He knew the Buying Department's care in investigating the securities purchased, and his confidence in their conservatism backed up his faith in the securities he sold. He was an indomitable worker and always had the enthusiastic support of his department. Harry H. Jones was his close second.

Mr. Black just hated vacations. He would rather sell bonds than do anything else. A characteristic story in this connec-



N. W. Harris & Co., New York Office, 1890
S. W. Corner Broad and Wall Streets

tion occurs to me. One year Mr. Black concluded that the time to take his vacation was in August, because usually it was the dulllest month in the year and fewest bonds were sold in August. On his return he was heartbroken to find that in this particular August the sale of bonds had been the largest of any month in the year. "No more vacations for me," he said. "Here you fellows have had all the fun. I wouldn't have missed being here for several vacations." From then on it was almost impossible to get him to take one.

An interesting experience occurred in 1896, when William Jennings Bryan became the standard-bearer of the Democratic Party on a free silver platform. Naturally everybody at once wanted bonds payable in gold. While the salesmen were trying to sell bonds, Mr. N. W. Harris was, as usual, studying the situation. He was always looking ahead. He was a great student of national as well as international affairs. He early concluded that Bryan was wrong and that the people of the United States would so conclude. He had an abiding faith in the final judgment of the people and in the future of the country. One of his favorite expressions was, "The majority of the people in this country think right." But what Mr. Harris thought then is not to the point. What he did was characteristic. "We will do something to make the people think," he said, "and when they think, they think right." And from that time until the returns came in we were busy trying to make people think.

It seems funny now, but with the background of those times it worked. What did we do? We sent out in a plain envelope, anonymously, to several hundred thousand voters

all over the West and Northwest, printed copies of William Allen White's article in the *Emporia Gazette* entitled "What is the matter with Kansas?" Have you ever read it? It was a gem for sarcasm. We worked nights, forgot business and said nothing. It worked. The article and the author became famous. When the election was over, and Bryan was defeated, we went back to our knitting. No doubt our readers would be interested in the article which we spent so much time in distributing. Whether they get the subtlety it contained is immaterial. Its sarcasm is monumental. (See Appendix I)

The year 1896 brought the writer back into the office and he was given the job of selling bonds in Chicago. He was also given a very small interest in the firm, to be paid for out of earnings. It just happened that the year 1896 was the one year when the firm did not make any money and, of course, nobody overlooked the opportunity of joshing him about it and suggesting that he come back into the ranks. No one seemed to have noticed that N. W. was his father. As far as they were concerned, he was just another one of the deck hands.

Some of our people were given favorable opportunities to go with other firms. The fact that they were Harris men seemed to create a demand for them elsewhere. This did not decimate our ranks, but, rather, added to the reputation of the organization and made us proud to be known as Harris men. The whole atmosphere was charged with "get the facts, give the service, do the right kind of business in the right way." Looking up the figures, the writer finds that in the year 1892, or ten years after the firm was established, the

combined assets of the firm in Chicago, New York and Boston were \$525,000.00. So it would seem that the profits had kept pace with the reputation and growth of the business and that by 1897, fifteen years after the business was established, they were probably on a comparatively higher basis.

It was in this year 1897 that we moved from the Crilly Building to the banking floor in the Marquette Building, still standing at the northwest corner of Dearborn and Adams. This gave us several times the space we formerly had. We had taken our place in the city as one of its leading financial institutions and we were rapidly acquiring a similar standing both in Boston and in New York.

The organization was succeeding and building up its reputation because the individual members were making individual reputations of their own. It was really the individuals who were making the reputation for the firm. In other words, the organization's reputation was made and retained because of the character and reputation of its members. This is particularly essential to the success of all financial business institutions.

AT THIS POINT IN THE NARRATIVE we call particular attention to Mr. N. W. Harris' prediction as to the growth and future of the country and take a look at what had been happening.

First, the population had increased materially from births and immigration. Our railroads were being extended. The telephone and telegraph systems were in general use. The educational programs of the country were improving rapidly. Business methods were being ironed out and improved. The whole country was on the move to greater things and we were realizing how right N. W. was in his predictions.

The main reason for our rapid progress was the reputation the organization was making. Financial affairs must be conducted on a basis of complete confidence in the people with whom you are doing business. With the principle always before us that we must do the right kind of business in the right way, get the facts, and give the service, we felt that the results were bound to be satisfactory. This was a big country. Unless one took an understanding bird's-eye view of it, its magnitude could not be realized. We took a look down the eastern seaboard from Portland, Maine, to Jacksonville, across to New Orleans, Galveston, Houston, Dallas, and Fort Worth, and then took a jump to El Paso and to the west coast, with its growing cities. Then, Los Angeles was not seriously considered. Back again from Seattle to Chicago and with a searching glance at all the growing cities in the circle, it was really astonishing how the country was growing and prospering. Covering this

territory intelligently kept everyone busy and resulted in the rapid growth and development of our own business.

Our interest was largely in the banking or financial affairs of the country. Looking backward, these seemed to have been in a rather muddled condition. We had two banking systems—banks chartered by the Federal Government, called national banks, and banks chartered by states, called state banks. Bank supervision was not what it should have been. Then, anybody could go into the banking business simply by hanging out a sign. The investment houses called themselves “Investment Bankers.” Many of the private banks were folding up and the people who had deposited their savings in one of these institutions were losing their money, with no agency to protect their interests. The idea that something ought to be done to protect the innocent depositor and at the same time maintain the credit of the chartered banks was being advocated. In discussing the matter, N. W. made the suggestion that no company should be allowed to use the word “bank” unless it was chartered or under the supervision of the Federal Government or State. This brought the matter right home to ourselves, because we were using the word “bankers.” The result of all this discussion was that we took the word “bankers” off our letterhead, so it read “N. W. Harris & Co., Investments.” It very soon became illegal for anyone to use the name of “bank” without due authorization from some governmental body and the word “banker” became a little more respectable.

As our business expanded it became apparent that we had

an unlimited field in which to operate. We began strengthening the personnel of our three offices by putting in competent young folks at the bottom to learn the business and promoting our abler men, extending their authority and responsibilities. We sent three exceptional men to New York, Allen B. Forbes who had been head of our Corporation Buying Department, Walter E. Bell, one of our top salesmen, and later Lloyd W. Smith from our Corporation Department.

Thereafter, no material change was made in the senior personnel, with the exception of the resignation of N. W. Halsey on April 1, 1901. Mr. Halsey decided to go into the investment business for himself and formed the firm of N. W. Halsey and Company. Soon he was joined by Harry Stuart, one of our young salesmen of the Chicago office, and the firm became Halsey, Stuart and Company. Right here it may be well to call attention to the fact that Mr. Halsey died very shortly thereafter but the firm has been carried on as Halsey, Stuart and Company ever since by Harry Stuart and, as you all know, it is now one of the largest investment houses in the country.

Mr. Allan Forbes succeeded Mr. Halsey as head of the New York office. Their territory embraced New York State and all the eastern and southern states as far west as Ohio and they also took care of all the foreign business. The Boston office territory was all of New England and Canada. All three families were running their own affairs, but their purchases of securities were made for the joint account of all, each office having the right to take its percentage of the

securities purchased. Otherwise, the business was carried on as independent units under a joint policy which was discussed and agreed upon, but the rules of all the families as to how the business was to be conducted, its character and fact-finding policies, were to be the same. The three offices kept in close touch with each other as to the kind of business and policies, but never for a minute did we waver from our principles of securing the facts, giving the service, protecting the interests of our clients, and serving them to the best of our ability.

Up till now, the writer, or A. W., as he was always referred to, had no particular position. He had spent a great deal of time traveling, attending municipal bond sales, selling bonds in the smaller towns, and doing odd jobs which apparently nobody else wanted to do, so they were assigned to him. He might have been properly referred to as the trouble shooter.

By this time we might be said to have acquired an auxiliary organization. This was composed of corporation and municipal lawyers, engineers, and accountants who in the three offices—Chicago, New York, and Boston—greatly added to our ability to get the facts. The amount of our purchases and sales was mounting. Our clients included many banks scattered over the country, insurance companies, individuals, and estates.

We were having it impressed on us all the time by the higher-ups, so to speak, that our business aim was to get the facts, give the service, build up our reputation for doing the right kind of business in the right way. In other words, we

must always play the game—and believe in the rule which governs playing the game, namely, the Golden Rule.

During the writer's visits to New York and Boston at this time, he found they were taking the same position in their communities that we had in ours. They had, under Mr. Forbes in New York and Mr. Sprague in Boston, many men of strong character and high standing. We ourselves did not realize how important a position we held in the financial community. Everybody was busy at his particular job and was not paying much attention to our picture as a whole. In fact, the writer had not realized the position we were taking in the country's financial scheme until he was visiting a bank in a little town in Wisconsin. He had dropped in to thank them for some favor they had shown us when he noticed a plaque on the president's desk. The president casually observed, "You have seen this picture before."

As a matter of fact he had never seen the picture, but, looking at it carefully, he saw there were photographs of six or eight men and the title under the picture was "Some of our country's pre-eminent financiers." Glancing at the picture again, he saw that N. W.'s picture was among the others. The picture had never reached our office, but here it was on the president's desk in a country bank and no doubt it was on many bankers' desks throughout the country.

This may be a good place to interrupt our narrative by giving some facts and figures about the business. In 1902 we had a total number of employees of 111. This did not include our auxiliary of engineering and legal experts. Our invested capital was \$2,000,000. Our annual sales of bonds

were \$20,000,000. Today these sales figures seem small, and it was not much later that our sales on an occasional day ran over a million dollars. This, however, was after we had a war.

Our first war, the Spanish War of 1898, we would not call much of a war today, and perhaps not many of us remember much about it. It did not affect business very much, nor did many of our men volunteer. However, as far as the United States Treasury Department was concerned, it was a serious matter to sell enough bonds to finance it. Lyman J. Gage, formerly president of the First National Bank, was Secretary of the Treasury and Frank Vanderlip was his assistant. Mr. Gage sent for N. W. to ask him how to do it. At their conference Mr. Harris suggested that the Secretary should not worry about the matter. He would go over to New York and get the issue underwritten, so that the Government would know they had the bonds sold and the money arranged for. The underwriters would see that the bonds were subscribed for. N. W. proceeded to New York and the next day he had the total amount underwritten, reported to the Secretary, and came back to Chicago. Then, as one of the underwriters for a limited amount, we spent considerable time getting subscriptions for the bonds. When the matter was finished it was found that the bonds were over-subscribed two or three times. We had done our stint for the Treasury Department and had learned much about Government financial matters.

The Harris Organization again came to the front in the panic in 1907 with ready money for banks and insurance

companies. One Middle Western insurance company received \$3,000,000 from us with which to meet demands for loans from their policyholders. A savings bank in the Northwest was sent over \$1,000,000, which it paid to depositors. We were able to do this public service because of our ability to market a substantial amount of bonds repurchased from these institutions, even in times of financial stress.

Immediately after the San Francisco fire, when many insurance companies suffered astounding losses, N. W. sent a letter to all insurance companies with agencies in San Francisco, offering to buy back all the bonds we had sold them. Many insurance companies took advantage of the offer, and to one in particular we furnished practically every dollar they paid in losses due to this fire.

If we do not remember, most of us have heard of the Galveston flood. This stricken city has since become one of the leading cities of Texas, but then its plight was so serious that it needed all the help it could get. One day two of the city's officials came into our Boston office to report their financial plight and ask if we could tell them how they could ride through without defaulting on their bonded debt. The city had no money and could hardly collect any taxes in time to pay the interest. It would probably be a year or two before they could pay up. They were very desirous of maintaining the financial credit of their city and could not figure out any way to escape defaulting. We finally worked out a plan to do this which succeeded. It necessitated considerable work on our part, but we were particularly pleased to have been able to accomplish it. Needless to say,

Galveston's officials were very appreciative of our efforts.

We were learning something about how to start a bank and how to close one up and perhaps getting some idea of how one should be run. Through our bank connections all over the country, we were decidedly of the opinion that bank deposits were not assets, they were liabilities, the same as public utility corporation franchises were liabilities. We had that idea firmly impressed on us by the experiences we had had with bank liquidations and corporate troubles. So we were learning by doing. A good deal of the doing was for other people, but it did not dampen our enthusiasm for service wherever we were asked for it, provided we had the facts.

It was about 1900 that A. W. got his first real promotion. He had been brought into Chicago to sell bonds. He had found that most of the people he interviewed and to whom he had made sales were much older than he was. One day when he was calling on Colonel Barnum, president of the Millers Insurance Company, a full-bearded man about seventy years old, he made the remark that from his experience he would recommend a certain issue of bonds to the company. On A. W.'s way down in the elevator, it occurred to him that anyone as young as he was could not be expected to have any financial experience. He decided to let his whiskers grow and from that day to this he has always worn them. Whether that had anything to do with his success as a salesman is questionable, but he did sell bonds and this no doubt had something to do with his promotion. He was put in charge of the Chicago business, which necessitated his learning more about our business in general and brought

him more closely in contact with Mr. Sprague, head of the Boston office, and Allan Forbes, who had succeeded N. W. Halsey as head of the New York office.

One thing that irritated us very much was the large amount of work we did in connection with giving advice to our clients regarding their estate matters and in drawing up the mortgages for public utility corporations. Then, when it was ascertained we could not act as trustee of an estate or a trust deed because we were not incorporated as a bank, we would be asked what bank we would recommend to act. So we were making business for banks, doing most of the work ourselves, but we could not act. This might be illustrated by the following incident. One of our clients to whom A. W. had been selling a good many bonds came in and said, "I would like to have you act as executor of my estate." Several such requests had been made before and we had always declined to accept any such responsibilities because we did not have the time and we could not very well do it for one and not for anyone else. When A. W. told him that he could not act, he inquired what the gentleman wanted to do with his money and then asked him how old he was. The gentleman's reply, boiled down, was to the effect that he proposed to leave the money to two or three charitable institutions, he had no family except some nephews and nieces whom he didn't like, and he was eighty years old. Then A. W. told him that at his age he could not disinherit all his relatives and give his estate to charity. They would contest the will, he would be found to be of unsound mind, and his will would be broken. The only thing he could do to

be sure that his money would go to these charities would be to give it to them before he died. He could do this and retain the income until his death and, having given away what he had, there would be no estate to administer and his nephews and nieces whom he did not like could tell their troubles to a policeman. Then, of course, we had to tell him what bank to go to in order to have his wishes carried out.

By the end of 1906 we found our larger quarters in the Marquette Building in Chicago came in very handy. Incidentally, a good many of our clients for whom we collected maturing bonds would leave the proceeds with us until they found some security in which they wanted to invest. The amount of these deposits averaged about \$3,000,000. Mr. N. W. began to worry a little about this, because we had no right to receive deposits, but we had collected the money for these people and the fact that they had not taken it did not seem to change his concern over the situation. We were winding up another ten years with increased business and profits, and increasing personnel and reputation.

Our volume of sales and purchases of securities was mounting. The capital employed in the Chicago office was \$750,000, in New York \$1,100,000 and in Boston \$500,000, making a total of \$2,350,000. We in Chicago had begun discussing how we could settle our dilemma about receiving deposits and what might be done to keep the business of estates and trusteeships from being turned over to banks. This naturally led to the conclusion that the only way this could be done was to become a bank ourselves. In discussing the matter with New York and Boston, their only ob-

jection to the suggestion was that if we became a bank we might take less interest in the investment business. However, we had no intention of changing our business, but merely of adding to it. So, like most things, if you talk about it long enough you will do it, and we decided to incorporate as a bank and get a state charter. We had the capital and we had the organization and all we would be really doing would be to incorporate and change our name. We had the organization that knew how to run a bank as well as carry on the investment business. So the following year, on February 4, 1907 to be exact, we received a state charter and had changed our name to "Harris Trust and Savings Bank, Organized as N. W. Harris & Co., 1882, Incorporated 1907."

Like other folks who take a momentous step, we did not know how important it might turn out to be. The date, which was twenty-five years after we had started, might be referred to as the stepping stone to our present banking business. Everyone in the Chicago office no doubt had a feeling that by increasing the opportunities for serving our clients and doing only the right kind of business in the right way we could not fail to increase our reputation. We committed ourselves again to our motto, "Do the right kind of business in the right way and play the game." So it came about on February 4, 1907, that we did not change our name here in Chicago, but simply added Harris Trust and Savings Bank to it, thus preserving the name of N. W. Harris & Co., for whose reputation we had worked so diligently during the past twenty-five years.

HARRIS TRUST AND SAVINGS BANK

Organized as N. W. Harris & Co., 1882

Incorporated 1907

HAVING JUST RECEIVED a bank charter from the State of Illinois, we had added to our name, but we had not changed it. Reading the name carefully, you will note that it is rather historic. That is, you get from it the fact that the business which was organized twenty-five years before grew into the banking business and this business was incorporated as a bank under the same organization without any consolidations or reorganizations. It is really quite a descriptive name and differs from the names of most banks in that it gives this historic information. Most of our larger banks are the result of consolidation with other banks. This has added to their size, but the name each now bears really gives no information regarding the past of the organization, and is very impersonal. So, we have an historical name with which we are proud to carry on.

The reader may think this incorporation of our business must have been more or less complicated and may wonder how it was done. Because the organization was so well knit, and contained so many people with knowledge not only of the business we had been doing, but also of the business we were proposing to do, it was really a very simple procedure. The partners had the money for the capital, so it was not necessary to sell any stock. The organization had the personnel whose duties were not changed, as we were

continuing our investment business as usual. Our annual sales of bonds were averaging about \$70,000,000. It may surprise the reader to realize that we made this change without adding a single person to the organization. Everybody kept on doing what he had done before, but instead of having heads of certain departments we had officers—president, vice president, cashier, secretary, and so on—whose duties were no different from what they had been before the titles were given. Then we had a board of directors, all but three of whom were taken from our own organization. None of us, as we came into the office after we had incorporated, would have known anything had happened. Everybody was there, everybody was doing his job, and the only difference was we had changed our stationery. Of course, under the law we had to submit our statement to the State Auditor every so often, and on the facing page you will find our first bank statement.

And so, as a bank, we started out without a ripple on the shore and continued our business as always, with only banking and trust business being added. The reader will note from the above that we had added three directors to the board who were not members of the organization. They were J. T. Harahan, president of the Illinois Central Railroad, Bernard A. Eckhart, president of Eckhart and Swan Milling Company, and John B. Lord, president of Ayer and Lord Tie Company. Mr. Eckhart had served with the writer on the board of the National Bank of North America and later Mr. Eckhart and the writer served on the board of the Continental Bank.

HARRIS TRUST & SAVINGS BANK

ORGANIZED AS N. W. HARRIS & CO., 1882
INCORPORATED 1907

N. W. HARRIS, PRESIDENT

1882-1907

Capital and Surplus
\$1,500,000

MARQUETTE BUILDING
Northwest Corner Dearborn and Adams Streets
CHICAGO

Statement of Condition

at commencement of business March 23, 1907

RESOURCES

Bonds at Cost . . .	\$2,684,633.88
Demand Loans on Collateral . .	1,028,872.95
Time Loans on Collateral . . .	216,646.65
Furniture and Fixtures . . .	13,372.82
Overdrafts . . .	1,142.40
Cash and Due from Banks . . .	1,758,774.00
Total . . .	\$5,703,442.70

LIABILITIES

Capital . . .	\$1,250,000.00
Surplus . . .	250,000.00
Undivided Profits . . .	8,121.87
Demand Deposits . . .	3,643,021.60
Time Deposits . . .	552,299.23
Total . . .	\$5,703,442.70

DIRECTORS

JAMES T. HARAHAN, President of the Illinois Central R. R. Co.
ALLEN B. FORBES, of N. W. Harris & Co., New York
ALBERT W. HARRIS, Vice - President
BERNARD A. ECKHART, President Eckhart & Swan Milling Co.
and Director the Continental National Bank
ALBERT G. FARR, Vice - President
ISAAC SPRAGUE, of N. W. Harris & Co., of Boston
JOHN B. LORD, President the Ayer & Lord Tie Company
GEORGE P. HOOVER, Vice - President
NORMAN W. HARRIS, President

OFFICERS

N. W. HARRIS	-	President
ALBERT G. FARR	-	Vice - President
ALBERT W. HARRIS	-	Vice - President
GEORGE P. HOOVER	-	Vice - President
HOWARD W. FENTON	-	Treasurer
EDWARD P. SMITH	-	Secretary
FRANK R. ELLIOTT	-	Cashier
JOSEPH H. VAILL	-	Asst Cashier

DEPARTMENT MANAGERS

H. H. JONES	B. C. LINGLE	W. E. BELL
	Bond Sales Manager	
ANDREW COOKE,	Manager Corporation Department	
PAUL W. CHAPMAN,	Manager Municipal Department	
P. A. FAGG,	Asst Manager Municipal Department	

First published statement of Harris Trust and Savings Bank

In our territory we were continuing to develop a large selling organization. The territory was growing into an investors' market and our purchases of municipal and corporation issues were increasing. That we were now a bank did not slow up our increasing bond business; in fact, it rather improved our position all over the western country. We were no more than organized and in good running condition when an incident occurred in the banking picture in Chicago in which you folks in the Banking Department may be interested. It shows how crudely banking was carried on in those days. We knew nothing about the banking situation in general and were surprised one Friday afternoon to be told that the downtown banks were so short of currency that it had been decided all members of the Clearing House would not pay out any currency, but would issue Clearing House Certificates on Monday. We were advised that as a member of the Clearing House we were supposed to do this. The writer never did know much about banking technique and doesn't yet, but we held a powwow to see what we would do about it. George P. Hoover, our technical banker, called attention to the fact that we had plenty of currency and plenty of bonds that could be exchanged for currency with the United States Comptroller. Very few of our depositors wanted currency anyway, and it would not be necessary to issue Clearing House Certificates. Perhaps we might get a little credit if we went right on doing business as usual. However, N. W. asked this pertinent question, "If we have any currency we do not need, if we have a lot of bonds that can be exchanged for currency, couldn't

we help a little by depositing our surplus currency with a couple of the other banks and loan them as many bonds as they want to exchange for currency?" Then he added, "We have a block of English Consols in London. We can cable them to sell the bonds and ship the gold, and we can deposit that with the banks." And that is what we did. The situation cleared up within two or three weeks. The writer is calling attention to this matter for just one reason—our conclusion to help rather than to brag about our position—and we have continued this policy.

IT WAS IN 1910 when the writer decided he needed a vacation. Everything seemed to be quiet on the Potomac and after he notified everybody that he was going to leave on the first of May, they were busy seeing that matters he was particularly interested in were attended to before he left. His plans for a vacation were not those usually made by anyone in the banking business. He planned to go to California, attend an important meeting of the Southern California Edison Company about May first, and then with a couple of old camping friends drive back overland to Chicago in a prairie schooner.

The train stopped at some unknown place in the desert. A man got on board who came into the smoking car and sat down beside the writer. The conversation which ensued was quite casual. First, the writer concluded that this man looked like a desert person and he thought he might get some information which would be of value in his trip across the desert, so the conversation started by his asking many questions regarding it.

The stranger gave him much valuable information and then stated that he was in the Government employ. He had been loaned to the City of Los Angeles. It seemed that the city was condemning the property of the Edison Company in Los Angeles, and was going to develop power for its plant from the Owens River water. As he had been with the Government several years as irrigation engineer for the Indians

and had been in charge of legal matters necessary to securing the water rights which the Indians needed, he seemed to feel no hesitation about attacking the problem. He told the writer that the thing which would take the most time was getting the legal rights to condemn the property. He had had considerable experience and for that reason had been selected to supervise the matter for the City of Los Angeles. Then he casually remarked that it would take two or three years of legislation before anything could be done, and after that the city would have to build their trenches, tunnels, storage reservoirs, and power plants before they could take over the property of the Edison Company and operate it. So the conversation ended with his statement that he thought he had at least a five- or six-year job. Thereafter he would probably settle in Los Angeles and go into business as a consulting engineer. Of course, the writer didn't mention the fact that he had ever heard of the Edison Company of Los Angeles and that was the end of the conversation.

On arriving in Los Angeles to attend the conference of bankers, engineers, accountants and company officials who had been studying the matter, the writer was the last one to arrive and found the conference had practically come to the conclusion that the Edison Company was through. They would have to apply the money they received from the city for their property to retiring bonds. They might have a small business, including several water power plants, left outside of the city. It was very disheartening. The writer listened again to all that had been thrashed over before his arrival. The main point of the discussion was that the com-

pany would not have time enough to build up a business outside of the City of Los Angeles to warrant its doing any more financing, particularly at this time. The engineers, accountants and bankers all agreed that if the company could have five or six years to build up its outside business it could go on, but it wouldn't have five or six years. So there they were, throwing up their hands and deciding to do nothing but await the outcome which meant the ruination of the company's business.

The bankers' interest was to salvage, through money received for condemnation of the company's properties by the city and the sale of its water power outside, enough money to pay the bondholders. As the writer listened to the conversation and the comments, he was astonished to learn that with all the talent devoted to the investigation the attorneys had not been consulted regarding the length of time it would take the city to get possession of the water because of the litigation involved. Not being willing to discuss the identity of the unknown person who had given him the information, all he felt justified in inquiring was, "What had our attorneys said about the litigation necessary for the city to secure the Owens River water?". This was passed over casually with the remark that it wasn't a legal question, but a business question and they thought it was not necessary to go into it.

This is the point of the story. Having secured the facts, although given by an unknown and unidentified person, which the conference had not taken into consideration, the writer felt that he had the answer but knew he would have to assume full responsibility. So, after everyone had gotten

talked out, he addressed the president of the company and said, "This discussion has been very interesting, Mr. Miller. Quite alarming, perhaps, but the Harris Organization is willing to bet that the company will have five or six years before it has to give up its property in the City of Los Angeles, during which time it could build up a lot of business outside of the city that could be handled without spending any additional money for water power and we will take the position that the company should go on as usual."

After that remark had sunk into the assembly, he went on to say that the Harris Organization would continue to do the company's financing and would take their share of whatever bonds were issued. The other bankers then came in with the statement that they did not agree with him and they doubted whether they would want to go along.

We had two things to keep in mind always. Not only the company's interests but also the investor's interests, and both were involved in the result of this discussion. No doubt, with the publicity given the matter, the credit of the company would suffer materially. Following our policy of service to our clients, not only those we bought securities from, but those we sold them to, the writer knew we would want to do everything we could for their protection. With this in mind, he told the other bankers that if they did not want to come along we would take the total interest. Of course, this necessitated action immediately by the other interests and they agreed that if that was our position they would join us.

This settled the whole matter and after the writer had it confirmed over the telephone from Chicago he was ready to

embark on his overland journey. This took him out of circulation for four months.

On his return to the farm at Lake Geneva, he found one of our consulting engineers sitting on the front porch of the farm house with advices that there was a bankers' meeting being held at the Holland House in New York and that the Chicago Railways Company, whose re-organization and financing we had been interested in three years before, had gone into the hands of receivers while the writer was lost in the desert. The bankers and attorneys were having a conference in New York to see what was to be done about the matter, and they were awaiting the writer's arrival. Perhaps it might be well to state here that, having slept under the stars for so long, business didn't seem so important to the writer so he told Mr. Blanchard that he could catch the first train going back to town, and the writer would go to New York and discuss the matter they had in hand when he got damn good and ready.

This was Thursday. To shorten the story as much as possible, instead of going to the office on Monday morning, the writer concluded that he had best go to New York first. He arrived there on Monday morning totally ignorant of the details that had brought on the trouble. Those at the conference occasionally referred to it afterwards as the most amusing and startling meeting held by bankers in New York. The writer walked from Grand Central Station to the Holland House and found the conference in session with several banking houses represented together with their attorneys.

After saying hello, he was advised that the Chicago Rail-

ways Company, several million dollars' worth of whose first mortgage bonds the bankers' syndicate had been selling since 1907, had run into a snag. The co-ordinator of the reorganization had arranged for an issue of one or two million junior bonds belonging to Mr. Yerkes to be exchanged for new junior securities, but the matter was in court and they did not care to make the exchange until after the suit was settled, so these bonds were left in escrow. When the decision came down it was in favor of the Yerkes issue and we were advised that they would not accept the junior securities laid aside for them, but insisted on having cash. It was this incident which caused the company's officials, with the approval of the bankers, to decide to go into the hands of the receiver.

Now they did not know what to do. The company had to have about a million dollars immediately to comply with its new franchise. There was no market for their bonds because they were in the hands of the receiver. They didn't have any money to pay the Yerkes people and no way of getting it, and they seemed to be going around in a circle, thinking perhaps the writer might throw some light on the situation. During luncheon he asked the company's attorney, Mr. Gurley, how these people could get out of exchanging their bonds for those that were in escrow for their account. There must be a contract to that effect. Mr. Gurley said they didn't have a written contract; it was just a verbal agreement. The whole matter seemed so absurd it took the writer some little time to see the serious side of it.

Finally he said to Mr. Gurley, "Now that you have just a

verbal agreement on this matter, either side can do whatever it wants to. The reorganization was approved by the court and they were parties to the negotiations and the whole plan has gone into effect, and I cannot see any reason for going into the hands of the receiver or for worrying about the matter. It seems to me that the Yerkes interest will either have to exchange the bonds laid aside for them or get nothing. Somebody has gone off half-cocked."

The writer suggested that the company proceed to get out of the hands of the receiver, that the bankers buy the bonds to provide the needed money, and that Mr. Gurley go down to see the bankers about this exchange of the Yerkes bonds. He said personally he did not give a damn whether they exchanged them or not. He suggested that Mr. Gurley tell them that, if necessary, eventually we could, as representing the first mortgage bonds, foreclose and reorganize, and they wouldn't get a piece of paper.

Mr. Blair, the president, immediately spoke up and said, "Well, we have to have a million dollars right away and there is no market for the bonds." To this the writer made the following reply, "We will buy the bonds; what else is there to discuss?" When no one offered any comment, Mr. Blair inquired whether they thought the procedure suggested by the writer was all right and whether they would go along with it. Things were moving pretty fast, but the writer thinks Mr. Forbes was the first one who said, "It really is simpler than we thought it was. We will go along on this plan, if everybody else will." No one said anything but all nodded their heads and that ended the discussion.

The writer, looking at his watch, remarked that he hadn't been in his office for a long time and he was going to take the 2:30 train back. If Mr. Gurley went down to see the bankers immediately, he could bring back their reply while they were still there. After bidding everyone good-by, he and Mr. Gurley departed together, the writer to catch his train and Mr. Gurley to see the bankers. When he arrived at his office, the writer found a telegram from Mr. Gurley stating that he had seen the New York bankers who represented the bond issue in question, and they had told him they would be glad to take the new securities. That was the end of the receivership.

In both cases the people discussing and deciding on these matters didn't have all the facts. It wasn't the judgment of the writer that was any better than any one else's, but he had stumbled on the necessary facts. The word "stumbled" is used intentionally.

When Mr. Farr arrived from New York, three or four days later, he came into the writer's office and sat down making merely this slight comment on the New York conference: "Well, that much ado about nothing was settled in short order. I was glad you left when you did," and with his customary frankness added, "You acted like a bull in a china shop and I was glad no crockery was broken." As he went out of the office, Mr. Farr paused and said, "We heard the other day from Los Angeles that the city attorney had waked up to the fact that they couldn't take over the Owens River water as easily as they had assumed and that the company would have probably as much time as you had predict-

ed. The company is very much pleased and relieved over the situation." Then he casually remarked, "Maybe we had better send you on a vacation oftener."

Commenting on these two incidents, within a year or two the Los Angeles Edison Company's credit had been restored, the information received from the unknown desert man proved correct, and today the Southern California Edison Company, one of our good customers, is one of the strongest public utility companies in the West. The Chicago Railways Company went through a rather hectic time, but the first mortgage bondholders finally received payment in full for their bonds, including all interest.

Frequently we were asked for suggestions from municipalities and corporations with whom we had no financial connections and in many of these instances were able, because of our broad experience, to be quite helpful. We had learned by doing, and through the years our organization had gained so much experience that there was hardly any financial problem put to us but that someone in the organization knew the answer. It wasn't any one person who made our reputation for service; it was the entire organization. It didn't make any difference who headed it; the organization carried on the business successfully. This did not necessarily entitle us to a decoration "for services beyond the call of duty" but did add greatly to our reputation.

The New York office business grew very rapidly and they were doing business abroad, principally through their London office. They purchased and now owned the building at the corner of Pine and William Streets in the Wall Street

area. Later they bought a small piece of land and put up their own building in London.

The results of the business measured in dollars and cents of capital showed:

Chicago	\$1,500,000
New York	2,362,000
Boston	1,190,000

This represented the result of the purchase and sale of millions of securities based on the reputation we built up for handling only conservative investments. Occasionally something went wrong with the management of a public utility corporation which we considered it our duty to remedy and we put in our time and expense, which we charged to Operations. Here the writer might mention that, while public utility securities have made a very good record, the flaws we found were limited to two, the management or the franchise. From our experience we usually were able to help correct matters and reorganize the situation so that our clients here suffered very little loss, if any. With the millions of securities investigated, purchased, and sold it was surprising how little losses our investors suffered.

The writer is reminded that back in 1905 Dr. D. J. Harris, who had charge of the farm mortgage business, came into his office, stated that he was retiring, and added that "every farm mortgage we have made has been paid in full, principal and interest. I hope you folks can do as well in the bond business." Well, looking backward, we could not make this 100% claim, but we came mighty close considering the volume of securities we handled. The reason, no doubt,



Harris, Forbes & Company, New York, 1915
N. E. Corner, Pine and William Streets

we were able to make as good a record as we have is that we prided ourselves on being a fact-finding organization. We never purchased anything without complete investigation, and then only such securities as we would be willing to keep for our own investment. They were perfectly good at the time they were purchased. Of course, we could not see far enough in the future to know how time and circumstances might affect a certain security.

Chapter VIII HARRIS SAFE DEPOSIT COMPANY

WHILE the Harris Safe Deposit Company is not a part of the bank, it is an affiliate. It is so near being part of the Harris Trust and Savings Bank's organization that as far as we are concerned the Harris Trust and Savings Bank and the Harris Safe Deposit Company are all one.

It was back in 1909 when we were in the Marquette Building and shortly after the bank had been organized that N. W.'s foresight pictured the necessity of planning for an office building to be erected with space enough for the bank to grow in. With his customary thoroughness he had planned a new corporation for this purpose and taking the matter up with the bank's board of directors it was agreed to form such a corporation.

To find a location for the building and to finance it was the first thing. The site selected was where our building is located. The building and land cost approximately three and one-half million dollars. Of course this expenditure was beyond the ability of the bank to assume, as it only had a capital of \$1,500,000; hence the new corporation made plans for the financing. Stock was issued for \$1,600,000 or practically the same amount as the bank's capitalization, and the stockholders of the bank were given an opportunity to subscribe for the stock of the new company, to be called the Harris Safe Deposit Company. Not all of the stockholders of the bank subscribed for this stock but Mr. N. W. Harris underwrote the subscription so the amount was subscribed in full. All of the stockholders in

Harris Safe Deposit Company

CAPITAL \$1,625,000

HARRIS TRUST BUILDING

111-117 West Monroe Street

CHICAGO

DIRECTORS

NORMAN W. HARRIS, President Harris Trust and Savings Bank

ALBERT W. HARRIS, Vice-President Harris Trust and Savings Bank

M. HADDON MAC LEAN, Vice-President and General Manager
Harris Safe Deposit Co.

JOHN P. WILSON, of Wilson, Moore & McIlvaine, Attorneys

WARD W. WILLITS, President the Adams & Westlake Co.

CHAPIN A. DAY, Formerly Treasurer Marshall
Field & Co.

ISAAC SPRAGUE, of N. W. Harris & Co., Inc., Boston

ALLEN B. FORBES, of Harris, Forbes & Company, New York

WILLIAM N. PELOUZE, President Pelouze Scale and Mfg. Co.

GEORGE P. HOOVER, Vice-President Harris Trust and
Savings Bank

ALBERT G. FARR, Chairman Board of Directors Harris
Trust and Savings Bank

PERLEY LOWE, President Perley Lowe & Co.

ROBERT M. WELLS, Formerly Vice-President
Bankers National Bank

OFFICERS

NORMAN W. HARRIS, President

GEORGE P. HOOVER,
Vice-President

ALBERT W. HARRIS,
Vice-President

M. HADDON MAC LEAN,
Vice-President and General Manager

EDWARD P. SMITH,
Secretary and Treasurer

Safe Deposit Boxes Rented and Valuables Stored in
Fire and Burglar Proof Vaults

From Bank Statement, November 27, 1912

the company were stockholders in the bank, but not all of the stockholders of the bank were stockholders in the Harris Safe Deposit Company. Then, the additional money needed, namely \$1,700,000, was secured by mortgage. This money was secured from the Northwestern Mutual Life Insurance Company of Milwaukee, one of the bank's bond customers, for ten years at 4½%. This loan was reduced to \$1,400,000 by November 29, 1921, and the balance thereafter carried on bank loans which were finally paid off in full on February 28, 1928.

The negotiation for the purchase of 111-115 West Monroe Street was rather interesting. The property was owned by John Borden, who had been one of Chicago's prominent attorneys. Mr. Borden was somewhere in the middle eighties. His price on the property was one million dollars. After a good deal of conversation we had offered him \$900,000. One day he came into the writer's office and said, "We might as well close this deal; you want to buy the property and I want to sell it and I will accept your offer of \$900,000."

When the writer suggested that a contract be drawn up to this effect, Mr. Borden said he wouldn't sign any contract as it wasn't necessary, but when the writer insisted that before going further we would have to have a contract, he left. Two days later he came into the writer's office with his grandson, John Borden, and after introducing him he said, "John, I have sold the Monroe Street property to the Harris Trust and Savings Bank for \$900,000 and I want you to see that if anything happens to me they get it." Then they left. Well, that wasn't the usual mode of pro-

cedure but we proceeded without any further agreement than this verbal one with Mr. Borden. When the title was approved we had a certified check drawn to Mr. Borden's order and when he came in for it and the writer handed it to Mr. Borden he refused to take it. He said, "I do not want that check, I want the money deposited in my account in the Merchants Loan and Trust Company. We will go over and you will deposit it to my credit." A bit surprised, of course, the writer accompanied him to the bank where Mr. Borden endorsed the check and asked A. W. to make out a deposit slip, then handed his passbook to him and said, "Take it over and have it entered for me." So, proceeding to the receiving teller's cage, that is what the writer did. The receiving teller looked at the check and passbook and then looked at the writer as much as to say, "Who are you?", but as he looked past him he probably saw Mr. Borden standing at the desk in the lobby and so without a word he entered the amount in Mr. Borden's passbook and handed it back to the writer who returned to Mr. Borden. Mr. Borden put on his glasses, looked at the passbook and put it in his pocket. Then he said, "There is just one more thing that we have to do. We will go over to the building." The site was occupied by an old brick structure of four or five stories, at the entrance of which sat a watchman. Mr. Borden approached him and said, "Bill, I have sold this property to Mr. Harris, who will pay you from today, good-by."

Perhaps the reader can picture this scene. Mr. Borden carried a gold-headed cane—wore a frock coat and silk hat

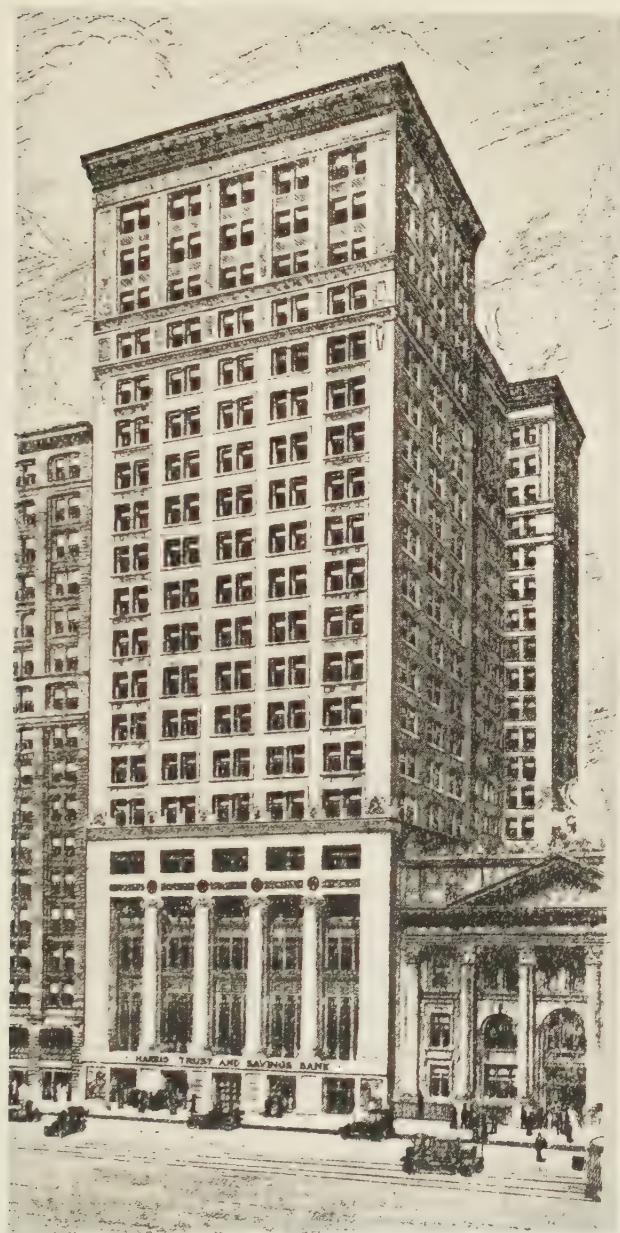
and, taking the hat off as he shook hands with the writer, the transaction was completed and the Harris Safe Deposit Company owned the site.

The building was finished in 1911 and the bank and other tenants moved in. The bank then had sixteen officers and one hundred ninety-two employees. The quarters leased to the bank, namely the first and mezzanine floors, provided all the space it needed when it moved in; in fact, the bank's various departments might be said to have rattled around in the space which was so much larger than they needed at this time. As the principal stockholders of the bank owned the Harris Safe Deposit Company, the management of the building was taken over by the officers and directors of the bank. This is a brief outline of why and how the building was erected and the needs of the bank provided for.

Before proceeding further, it might be of interest to stand on the sidewalk in front of the new building and look around to see who our neighbors were. Within a half block on either side of us were eight banks. The Northern Trust Company on the northwest corner of Monroe Street and LaSalle. Diagonally across the street on the northeast corner of LaSalle and Monroe was the National Bank of the Republic. Across the street directly opposite us was a branch of the Bank of Montreal; also one of the Bank of Nova Scotia. On the northeast corner of Clark and Monroe was the Fort Dearborn National in their own eighteen-story building. The building was later taken over by the First National Bank. Across the street on the southeast corner was the Chicago Trust Company. Adjoining us on

the southwest corner of Monroe and Clark was the Standard Trust and Savings Bank, and adjoining us on the west was the Central Trust Company, whose president was Charles Gates Dawes, later Vice President of the United States. This made eight banking institutions within one half block of us. Today there are three of these institutions—The First National Bank, The Northern Trust Company and Harris Trust and Savings Bank.

One of the highlights of our history was a banquet held in the lobby on September 16, 1911 to celebrate the dedication of our new building. A special section of the Twentieth Century Limited brought our partners from the East. Allen B. Forbes, toastmaster, presented to N. W. a large silver loving cup and read many congratulatory messages from leading financiers and businessmen throughout the country.



*Harris Trust and Savings Bank
Harris Trust Building, Chicago, 1911*

IT WAS in December, 1913, that Mr. Farr died. This was the first break in the original partnership. He had been responsible for the Chicago organization over the past thirty years. Needless to say, we were all very much grieved at his going. Mr. N. W. Harris was hit the hardest. He probably never really got over it. The reputation of the organization was really Mr. Farr's monument, and the success of the business, his pride.

Now the country approached 1914 and it was on August 4 that war was declared in Europe. The report struck the New York financial circles with a sickening thud, the stock exchanges were closed, and financial business was at a standstill. As far as our business was concerned, it was not affected in any way except that the demand for securities was stopped, and we did no business for a few weeks. Mr. N. W. was in Paris. When he landed in New York, war had been declared and he hastened home to Chicago. Coming into the writer's office, his first inquiry was how the bank was getting along and if we were all right. We had not been affected materially by the war report or the closing of the stock exchanges. When he was informed that business was going along as usual with us, except that we were not buying or selling any bonds for the time being, he went on to tell us he was very sorry he had not been able to advise us that the war was imminent. From the confidential nature of his information, he of course could not do so. He had been visiting with Mr. Myron T. Herrick, our Ambassador to France, an old friend

of his, who had told him confidentially that, in spite of anything they could do, war was liable to break out any moment and he recommended that N. W. take the first boat for home.

Well, as we all know, we were gradually drawn into this war. Some of us felt from the outset that we would wind up in it, but were not saying much about it. We had another opportunity at this time to remember N. W.'s question, when there was any trouble going on, "What can we do to help?"

We had two large corporation clients, who had maturing obligations that had to be met and they were very much perturbed because no securities could be marketed. Contrary to their expectations, we bought the securities and paid for them while the moratorium was on, not because we wanted them, but because we were in a position to help. Needless to say, these corporation officials never forgot what we did for them in this crisis. The eastern offices, when advised that we had purchased these securities and told the price we had paid for them, wanted to know whether we knew there was a war going on, with no market for anything. Did we expect them to take their proportion? This is where the teamwork came in. We wrote them that we realized what the situation was, also that we had no idea what we would finally realize from the sale of the bonds; in fact, we anticipated finally disposing of them at a loss (which is what we did eventually), but that we did not expect them to take any of the liability if they preferred not to do so. In fact, we would take the full responsibility ourselves; we were just helping out because we were in a position where we could. Immediately came a telegram

stating, "As usual we will defer to your judgment and take our proportion."

There were two family matters which perhaps should be referred to here. One was the decision of the senior partners to dispose of the eastern business in New York and Boston to the management of these two offices. When this was accomplished in 1915, the name of the Boston office was changed to Harris, Forbes & Company, Boston—the name of the New York office had already been changed to Harris, Forbes & Company, New York. However, we continued the same interoffice agreements, so that the business of all three offices continued as before. The only difference was that the two offices of Harris, Forbes & Company, New York and Boston, belonged to the management of those offices. The disposing of this business by N. W. Harris was in recognition of the fact that these men had built it up, and also because he thought the Chicago office, namely, the Harris Trust and Savings Bank, should not carry the responsibility of these two offices any longer. The Chicago office would have enough to do in running the bank, which was growing rapidly.

The writer has mentioned some of the shortcomings of the banking system. In December, 1913, the Government passed a bill forming the Federal Reserve Board. This has resulted in strengthening our banking system materially but it had only been authorized. When they got under way in 1914 it was discovered that the law provided only for the national banks to join the Federal Reserve System. The only provision for the state banks was a clause to the effect that they

could become members under such rules as the Board might make for them. Of course, all the national banks had to join, but the state banks were not obligated to, and did not. About a year after this it dawned on the Federal Reserve Board that, while the national banks belonged to their System, the state banks, which had more financial strength, would not join.

We in Harris Trust had not paid much attention to this law or what was going on. We were just a small bank, doing little commercial banking, and the writer was surprised upon returning to the city one morning to find that he was supposed to attend a meeting of the state banks here in Chicago which was to be addressed by W. P. G. Harding, Governor of the Federal Reserve Board, and James B. McDougal, Governor of the Federal Reserve Bank of Chicago. Mr. McDougal had insisted that the writer be present at the meeting. This put us in a rather embarrassing position, because we did not know what the matter under discussion would be, and we had not discussed it with other state banks. As we were not much of a bank, anyway, we decided we would not send anyone to the meeting. Later Mr. McDougal got the writer on the telephone and insisted on his coming over. You folks can perhaps imagine our embarrassment in discussing a national banking situation about which we didn't know much and had no ideas. It was, however, fortunate that we attended. The question was, "Why did the state banks not join the Federal Reserve System?" As the writer had expressed no views, the chairman insisted on his saying something. To which he replied: "Mr. Chairman, I represent a very small bank and I have not discussed the

matter with any other bankers, but, if you will change the law so that, if the state banks join the System and do not want to be members after they have found out what the rules are, they can withdraw at any time, we will join the System the next day." Then the meeting was adjourned. How this idea struck the rest of the folks the writer had no idea, but he was very much surprised to find upon returning to his office that Messrs. Harding and McDougal were waiting for him with a request that he write the Chairman of the Federal Reserve Board and tell him exactly what he had told them at the meeting. Of course, you bankers know that they passed this amendment immediately and the state banks joined, and still have the right to withdraw.

When the Federal Reserve rules were being amended to extend the list of securities on which the Federal Reserve Bank would lend money to the banks, real estate mortgages were included. Our board of directors thought it would be a grave mistake for the Federal Reserve System to lend money to the banks on mortgages and they passed a resolution authorizing the officers of the bank to withdraw from the Federal Reserve System if this provision were included. The result was that we did not withdraw from the system because this provision was taken out.

By 1915 a few banks had pension plans but, from our point of view, the idea of retiring on a pension was, at that time, distasteful and the question was what we could do in its place. Where could we get the money to establish a pension fund except out of profits, and supposing there were no profits? At this point we hit on the idea that, as pension

funds were built up out of profits and everyone was interested, or should be, in whether we made any money or not, why not build up a profit sharing fund in which everybody could have a share? The obstacle seemed to be that it had never been done. However, "where there's a will there's a way," so out of the idea we brought into operation what we call our Employees Savings and Profit Sharing Trust Fund Number One, which became effective in 1916. (Employees Savings and Profit Sharing Trust Fund Number Two was added in 1940.)

We did not know we had done anything important, except that our principles and policy demanded we make every effort to do a thing right, irrespective of how anybody else did it. Shortly we were asked for copies of our plan and we had to have it printed for circulation and the idea was adopted quite generally. In fact, Julius Rosenwald put a similar plan into effect in Sears, Roebuck & Company and he stated he thought it was one of the best things he ever did.

It was in early 1915, that Mr. N. W. Harris had told us the U.S. could not escape getting into war. This was disturbing news with more to follow. N. W. had bumped his heart one hot day by over-exertion and was told that he would not have more than two or three years to live. Everyone in the office knew what the verdict was and was very much worried; that is, everybody but N. W. He had to slow up materially, but kept his fingers on the situation. His last days were so like him that an account of them might well go into this narrative.

Coming into the writer's office one morning, he said as he

looked wistfully out of the window, "You know, I promised Japanese Admiral Uriu that I would come and visit him some time in Japan; in fact, I promised him twice that I would do this. As far as I know, this is the only promise I ever made that I haven't kept and it worries me a little bit." Then the writer made the suggestion that if he wanted so much to keep his promise to the Admiral he should go. To this he replied that he didn't think he would be able to get back, and it would be a lot of trouble for the writer if he didn't. The writer knew he was not thinking of himself, he was thinking of not wanting to make trouble for other people, so casually remarked, "If you want to keep that promise badly enough, why don't you go? We will see that you are brought back if anything happens to you." This seemed to cheer him up considerably and he immediately decided to attempt the trip. With the presence in China of the writer's younger brother and his wife, who knew the ropes for meeting him in Japan, Mr. Harris, his wife and his secretary, Miss Hall, made the trip mostly at ocean level. Of course, with his disposition it was hard to keep him from overdoing, but he made the trip. He was taken off the boat on a stretcher at Seattle on his return, and the writer brought him back to Chicago, where he remained in the hospital for two or three weeks. He was then taken out to his summer home at Lake Geneva. By this time he was so weak that he could do no walking, but he would hold receptions on the porch overlooking the lake. A typical conversation with him at this time would seem to sum up his character and the confidence with which he had always met every situation.

Isaac Sprague from Boston and the writer went over to call on him the morning of July 15, 1916. We went over business matters generally and then had lunch. As we sat there looking out over the lake, N. W. made these few remarks which climaxed his long business and personal career and were a fitting end to it. Commenting on his carrying out his promise to Admiral Uriu, he remarked, "Well, I think I have kept every promise I can remember making, and I have accomplished everything I started out to do. Now that I am through, there isn't much satisfaction in sitting on the sidewalk and watching the procession go by." Then he added, "This is certainly a beautiful place," and with the forward look he added, "One could not find a more beautiful place to die." These remarks were made with a smile on his face just as we got up to bid him good-by. After we left he lay down on his couch and went to sleep.

Many encomiums were written, but the writer will quote only one which the organization might wish to remember as a fitting tribute to our founder:

"Norman W. Harris expressed in his life and in his thirty-four years of activities in this city more of the great economic change in the West, more of the elevating contact of man with man, and more of the stimulating and regulating function of fixed principles than any other resident of Chicago or vicinity whose death has been recorded since the city was founded."

SOME OF YOU FOLKS will remember Woodrow Wilson was elected for a second term on the slogan that he had “kept us out of war,” but as time went on some of the folks began to doubt whether he would keep us out of the war and there was considerable talk about our getting into it. It was not until 1917 that we really became committed and began to join in the conflict. World War I, which it was called, is becoming a dim memory. We have had World War II and a smattering of war since, but it was in 1917 that the country was getting prepared to go into World War I. Our reason for doing this, as you will remember, was to end wars. This sounds rather idealistic today.

Our organization had so much to do in connection with the war that the writer thinks you should know the part we took in it. We were primarily in the investment business, you must remember. The banking end of our Chicago office had not expanded much before the war, outside of the Trust Department. Our investment business was continuing to grow and, while we had heard rumors of war, they had not affected our business particularly until one day we received an invitation from Frank Vanderlip, president of the National City Bank of New York, to attend a luncheon he was giving for the Chicago bankers. At the luncheon he told us that Secretary of the Treasury MacAdoo had been discussing with him the amount of bonds which the Government could sell to pay the expenses of the war. He had decided to sell 3½% tax-exempt securities and estimated that the Treasury

would need to sell \$3,000,000,000 of them. Then Mr. Vanderlip went on to say he didn't know what a billion dollars was. He had told Secretary MacAdoo he thought the East might be responsible for one and a half billion and the West might be expected to take \$500,000,000. He told the Secretary that two billion dollars was all he should attempt to sell at this time.

Then Mr. Vanderlip wound up by suggesting that we consider the matter carefully and send our views directly to the Secretary. After Mr. Vanderlip left we discussed the matter at some length and as Edmund D. Hulbert, president of the Merchants Loan and Trust Company, was to see the Secretary within a day or two it was suggested that he and the writer agree upon a message to be taken to him. So the meeting adjourned. The message that we finally put down to give to the Secretary was more optimistic than Mr. Vanderlip's views. This message was to the effect that we believed the Government could sell three billion of bonds at this time. We suggested that the Secretary take the position that three billion dollars was all he wanted to sell at this time, and keep repeating that statement.

Next the suggestion was that he should state he wanted the public to secure as many of the bonds as they wanted, and hence we cut down the larger subscriptions for this purpose. He should keep on making the statement that the larger subscriptions would be reduced so that the smaller ones could be filled. Mr. Hulbert wrote this down and delivered it the next day to the Secretary. Two or three days later the writer received a brief note from the Secretary.

“Agree with your views and will be guided accordingly.”
This settled the matter.

Here you have in a nutshell some of the inside Government financial history. The writer does not recall that he felt particularly perturbed over the situation. Discussing it with a few members of the organization on his return to the office, he suggested that they were not supposed to know anything about the matter, but that they should be thinking how we could help in laying plans and also check up with the Federal Reserve, who, of course, must know about it. When the bonds were offered, our whole organization did nothing else but secure subscriptions for and make sales of these Government war bonds. Many of our best salesmen in the East made speeches on street corners and secured subscriptions for bonds. Robert Weeks of our Boston office did a lot of work of this kind and we took up with the Federal Reserve Board and the banks a plan for financing subscriptions paid through the banks. The writer hit the high spots all over the western country. Our own men all over the country were converted into Government bond salesmen. The bonds were oversubscribed.

When our country got into the war, most of our young men who could qualify were volunteering. Our force was so reduced that we had hard work carrying on business and keeping the bank open.

All things come to an end and we finally worried through the war conditions. Our boys began to come back. Unfortunately not all of them came back, and some of those who did got other positions. So the organization was not the same

exactly, except for the older men and women. The women had done a specially good job in helping carry us over the hard bumps of the war.

Between our services on the financial side and on the war side, the organization's record, the writer thinks you will agree, was up to our standard and we were quite proud of the job we had done. We didn't get over the holes made in the organization for some time, but this is not a history of the war nor of our participation in it, though the writer feels that we should not forget the record made. The organization did not get back in full running order for a year after the war was over, but we soon picked up momentum. A lot of business that had been postponed had to be done and we were beginning to feel normal again.

The writer has not troubled you with a lot of statistics, but this seems to be a good place to record some of them. They will serve to give the reader a bird's-eye view of the magnitude of the investment business we were carrying on.

In 1882 there were only five men in the organization, ten years later there were thirty-seven employees, and in May of 1922 we had over 437 on the payroll. At the end of 1882 only two customers were on our books. By 1922 the total number of persons served by the Harris Organization had grown to approximately 100,000, extending into every state in the Union and many foreign countries.

Instead of the single small office with which the business began in 1882, we now had offices in all the leading markets in this country and Canada, with private wires keeping us constantly in touch with changing conditions and with each

other, so that we were in a position to handle effectively our steadily growing business.

In 1921, the Boston office put up its own building at 24 Federal Street. This was opposite the First National Bank of which John Macomber was a director. Also in 1921, The N. W. Harris Company was founded to do liquidation work and other financing which did not fall within our normal corporation or municipal investment business.

With the year 1922 we had been in business forty years and time had taken its toll. In 1923 we lost Mr. Forbes. His death was totally unexpected and matters had to be re-arranged in the New York office. Lloyd Smith was selected to succeed him. In Boston, Mr. Sprague had retired to chairman of the board in 1920. John Macomber took his place, and also succeeded him on the board of directors of the Harris Trust and Savings Bank. Later Harry Addinsell took Mr. Forbes' place on the bank board. In spite of these changes, as far as the public was concerned nothing had really happened and our business went on as usual.

Things were happening in the Government personnel. President Harding had died and Calvin Coolidge was sworn in as President that same night by his father up in Vermont. As an aftermath of the war there was a very serious business collapse in 1922, but it was only a temporary matter and by 1924 it might be said that the Government was running smoothly again and business was picking up materially.

We were still the same family, so to speak, as our relationships with New York and Boston continued and the writer was still acting as chairman of the board of Harris,

Forbes & Company. While changes in our personnel had taken place, the organization had gotten squared away and was running on high here in Chicago. The writer's duties in Chicago didn't permit his taking much interest in details of their operations. The business of the country was very prosperous by 1925 and continued on its upward swing. President Coolidge, as a result, was making a good record for himself throughout the country, quite a contrast to his predecessor, President Harding. President Coolidge wanted to know the facts before he acted and we found ourselves called upon to furnish him with information regarding business conditions and views on Government reclamation projects in the West. He was, as you will remember, referred to as "Silent Cal." This expression was applied to him not only because of his brevity, but also as an expression of esteem. The fact that we were called on for information by the President resulted in a very interesting occurrence through our getting mixed up in outside banking matters. We had been called on to subscribe to the expenses of helping out banks in Iowa, California, and also Minnesota. We began to realize that everybody who was heading a bank did not necessarily know how to run one and that all of them did not recognize the fact that deposits are liabilities. Their troubles were mainly caused by investing in real estate mortgages, which, of course, we all know are not quick assets, and when their depositors wanted considerable amounts of money they could not realize on these mortgages quickly enough and thus got into trouble.

This, of course, was long before the Government really



Harris, Forbes & Company, Boston, 1921

took a hand in the banking business and passed laws to strengthen the system materially. Wanting to be helpful, we had subscribed to these various troubled banking situations and when the accounts were settled we were usually out a few thousand dollars, but possibly got our money's worth through the knowledge we picked up in doing so.

In one of these instances that caused failure of many banks in the Northwest, while it did not affect our business, it led to a little diversion and gave us a little closer connection with the Federal administration. An account of this may be of sufficient interest to include it here. The writer had had two or three conferences with President Calvin Coolidge regarding business conditions in the West and was on a committee of bankers and businessmen who went down to Washington in 1924 to see if they could get the President to authorize the Government to finance the banking situation in the Northwest. In the conferences which the writer had previously had with the President, Mr. Coolidge had stated he was very much opposed to the Government's going into business, and the writer had agreed heartily with his views. However, the writer had considered regulating the banks as being a Government job and so went down to Washington with the committee for the purpose stated. Bearing in mind the discussions which the writer had previously had with the President about the Government's staying out of business, the reader, no doubt, will see the point of this story. Arriving in Washington with the committee and going to the Comptroller's office, he was advised that the President wanted to see him. On going into the President's office and

before he had a chance to say a word, the President looked up and said just four words, "You are not consistent." Then he added "Good morning" and the writer was on his way back to the hotel. Far from being disconcerted over the interview, he was more pleased with it because of its brevity. He also knew that the committee's mission could not be carried out. Needless to say, the Government did not volunteer any help and the committee formed a subcommittee, raised the money, and did the job themselves. The writer, in view of his previous conversation with the President, could not take exception to the President's statement; in fact, he realized it was one on him. It also was an example of how brief President Coolidge could be and one of the reasons he had been given the pseudonym of "Silent Cal."

It might be interesting to recall another occurrence which would indicate the women in our organization were not so slow on their feet. One of them came into the writer's office one morning with a large envelope and said, "I have a present here for you from President Coolidge." She took out a large engraving of the President and handed it to him. On it was written "To Albert Harris with regards—Calvin Coolidge." When the writer inquired if the President had given her the picture personally, she laughingly said, "Yes, I'll tell you how it happened. At the home where I visited in Washington the gentleman was an artist who had made an etching of the President. He had an appointment to see the President and was to go over to his office and show him the picture. I requested the privilege of accompanying him. The artist handed the President two copies and asked if he

liked them well enough to accept them with his (the artist's) compliments. After inspecting them Mr. Coolidge replied, 'I will accept one. I have no use for the other.' Then I stepped up from the background and said, 'Mr. President, will you give the other to my boss?' The President said, 'Who is your boss?' and I answered, 'Albert Harris—I work for the Harris Trust and Savings Bank in Chicago.' Without saying a word he picked up his pen and wrote the inscription on it, handed it to me without a word, and here I am delivering it to you." This picture has been in my office ever since as a reminder of the President's brevity when he said it all in four words, "You are not consistent—Good morning." It also reminds me that none of our folks let any opportunity escape to talk about the Harris Organization.

We had all kinds of talent and it seemed that nothing of importance came up that someone in the organization didn't know how to handle. We even furnished some talent for the Press Club. They were putting on a frontier play and were searching for an Indian pony that would take part in the play. It would have to ride up in the elevator and be an authentic specimen. When the inquiry finally got to A. W. he said, "Sure we can furnish it, and as to its authenticity, it was secured from a Ponca Indian Chief as one of the ponies given to him by the Indian who married his daughter. He will ride in an elevator and do his part on the stage without rehearsal." This he did, and A. W.'s horseman, Earl Kelly, said he played his part just like a veteran.

To return to business conditions and how they affected our business at this time, by 1925 the country had started on what might be called a gambling spree. The start was imperceptible. It did not affect our clients, who were always on the conservative side and believed in accumulations of capital by the old method of saving. The public, observing the prices of everything going up, particularly of stocks on the New York Exchange, had begun to buy them on what we would call a shoestring. They did not have to put up very much margin and prices continued to advance. Others, not satisfied with the interest received on conservative investments, started to speculate by buying what we would call speculative securities because they netted a much larger interest return. We did not pay much attention to this movement at the time. It did not affect our business, which continued to increase, and it was not until 1927 that this speculative movement had gotten fully under way. Some investment houses were making real estate loans; some were first mortgages and others were called purchase money mortgages. These latter were really second mortgages. Others were buying stocks whenever they could accumulate enough margin, and prices on stocks listed on the New York Stock Exchange were soaring. It seemed as if everybody was getting rich on paper with a few dollars' investment, but everybody owed money.

IN 1928 the speculative condition previously referred to increased. Gradually the conservative element began to realize the danger of the situation, but there did not seem to be anything that could be done about the matter and so it steadily got worse. More people got into debt and the banks were gradually taking over more of the brokers' margin loans. However, our Banking Department made no change in its conservative loaning program and we did not fully realize the extent of the country's borrowing nor the amount of speculative securities being accumulated. By early fall of 1929 everything and everybody seemed to be at fever heat. It seemed to all of us in the bank that something had to give before long. Following a long and serious conference we decided not to buy any more securities. The demand was still strong for the conservative class of investments which we handled and as a result very shortly we found ourselves almost out of securities and in a very strong cash position. The writer is not sure that we should be given a leather medal for our judgment, but when the collapse came on October 29, 1929, we were in excellent financial condition. In fact, we had, because of our previous sales of securities and no purchases of new issues, more money than we knew just what to do with at the time. This applied not only to the bank, but to The N. W. Harris Company.

The writer has been handed an article by the financial editor of the *Chicago Daily News* describing what happened. It is reproduced herewith:

The First Seventy-five Years

NEW YORK, October 29, 1954 (UP)—A quarter of a century ago Friday a Wall Street earthquake shattered an army of would-be millionaires.

Housewives, and elevator operators, cab drivers and bookkeepers, waitresses, brokers and bankers had been marching in that 1929 army, each convinced he had the Midas touch.

* * *

YOU COULD "buy" \$10,000 worth of stock for \$500 cash. The remainder was taken care of by a mysterious, intangible thing called "margin."

Across the nation people gathered in small rooms before big blackboards littered with quotations and spoke knowingly of "the market." It had been going on steadily since 1923.

* * *

THEN CAME "Black Tuesday"—Oct. 29, 1929.

It dawned a beautiful, crisp autumn day. When it ended, the bull market had gone bust, 16,410,030 shares of stock had been dumped.

Thousands had lost their savings and, although it wasn't immediately evident, the United States was headed toward the worst depression in its history.

Crowds swarmed into Wall Street that afternoon to see the storm at its worst. In brokers' offices angry speculators literally kicked the tickers pouring out quotations.

* * *

THE GET-rich-quick crowd learned quickly about that intangible thing called margin. Brokers called them and said bluntly: "Get up more cash before the opening or we sell you out!"

It was the bursting of the bubble in a strange and exciting era.

The bull market reached its all-time high on Sept. 3 of that year when the industrial average touched 381.17. It had gone up by 344 per cent in six years.

Then it leveled off and there were a few "bear" raids on the market, but few, very few, sensed what was coming.

* * *

THE FIRST real blow came on Oct. 24. That day the tickers were so clogged it was not until 7:06 p.m. that the last sale was ticked off—four hours and six minutes after the final gong had ended trading on the exchange. The trading pit looked like a madhouse.

The market rallied briefly. There were frantic attempts to stem the selling tide. Then came the crusher—Black Tuesday.

From then on it was straight down. The bottom was reached on July 8, 1932. The industrial average that day sank to 41.22. The drop from the 1929 high amounted to 339.95 points, or 89 per cent.

* * *

CAN IT happen again? . . .

Market men evade a direct answer to that question, but emphasize "there is no comparison between the market of 1929 and the market of 1954."

True, the present market has been rising for the last five years. Prices today are higher than they were on average 25 years ago. But there the resemblance ends.

This market is based on investment. The 1929 market was based on speculation.

* * *

NOW THERE is a strong credit foundation. Instead of \$500 cash to purchase \$10,000 worth of stock, \$5,000 now is required. The Federal Reserve system keeps a tight rein on credit.

The Security Exchange Commission also watches the market closely and has introduced measures to safeguard investors.

A great many of the banks of the country were getting into bad shape and beginning to collapse. On the contrary, the Harris Trust and Savings Bank never missed earning a dividend and emerged stronger than ever. This not only showed the conservative character of the business we were doing, but built up our reputation. When the crisis came in the

spring of 1932 we were in so much better financial condition than most of the banks that our condition was commented on by the press. Of course, this added materially to our prestige. You folks who are familiar with banking figures should study the statements on the next four pages. The writer thinks they can be analyzed better if they are presented in chronological order, so he is showing four statements, one of October 4, 1929, our last statement before the bell rang, to and including June 30, 1933, after the Moratorium had ended and the banking situation was getting back to normal.

These statements show what a strong position the bank had maintained all through the depression. Our organization had done such a good job that we were able to ride through very creditably. It also demonstrated the strength of the organization in its personnel and their good judgment. It was the combination of common sense, industry, and integrity of the individual members which made the result possible—sticking to our principles; getting the facts; giving the service; keeping in mind that we were not in business primarily to make money, but to give the best service possible to our clients. To do this we had to have the facts and this fact-finding principle was of equal value to our clients and ourselves.

We could leave the depression without any further comments than these statements. However, figures do not tell much of a story and are perhaps meaningless without a more detailed description of what really happened.

Gradually between 1929 and 1932 everything seemed to get worse, but we refer to it now as the Depression of 1929.

The First Seventy-five Years

STATEMENT OF CONDITION AT THE CLOSE OF BUSINESS OCTOBER 4, 1929

Resources

Time Loans and Discounts . . .	\$41,590,178.66	
Demand Loans	17,116,279.66	\$ 58,706,458.32
U.S. Government Obligations . .	\$11,241,157.01	
Other Bonds and Securities . . .	12,494,433.24	
Federal Reserve Bank Stock . . .	330,000.00	24,065,590.25
Customers' Liability on Acceptances and Letters of Credit		740,998.84
Cash in Federal Reserve Bank . .	\$ 5,636,778.64	
Cash in Vault and Due from Banks	14,364,631.98	20,001,410.62
		<u>\$103,514,458.03</u>

Liabilities

Capital	\$ 6,000,000.00	
Surplus	5,000,000.00	
Undivided Profits.	1,830,478.51	\$ 12,830,478.51
Reserve for Taxes, Interest, etc.		1,564,620.10
Acceptances and Letters of Credit.		740,998.84
Deposits		88,378,360.58
		<u>\$103,514,458.03</u>

Comparative Statement of Deposits

Date of Incorporation, February 4, 1907

October 4, 1907	\$ 4,194,618.78
October 4, 1919	28,991,734.69
October 4, 1929	88,378,360.58

STATEMENT OF CONDITION AT THE CLOSE OF BUSINESS
DECEMBER 31, 1930

Resources

Cash on Hand, in Federal Reserve Bank, and Due from Banks and Bankers	\$ 21,818,917.62
United States Government Securities	18,080,074.40
State and Municipal Securities	12,402,363.08
Other Bonds and Securities	8,321,188.33
Demand Loans	14,601,426.75
Time Loans and Bills Discounted	42,895,299.40
Federal Reserve Bank Stock	330,000.00
Customers' Liability on Acceptances and Letters of Credit	4,830,682.10
TOTAL	<u>\$123,279,951.68</u>

Liabilities

Capital	\$6,000,000.00	
Surplus	5,000,000.00	
Undivided Profits.	<u>2,693,239.92</u>	\$ 13,693,239.92
Reserve for Taxes, Interest, etc.	1,536,282.40	
Acceptances and Letters of Credit.	4,830,682.10	
Deposits	103,219,747.26	
TOTAL		<u>\$123,279,951.68</u>

STATEMENT OF CONDITION DECEMBER 31, 1931

Resources

Cash on Hand, in Federal Reserve Bank, and Due from Banks and Bankers	\$ 29,452,256.19
United States Government Securities*	22,019,730.55
State and Municipal Securities*	6,570,186.01
Other Bonds and Securities*	4,817,768.65
Demand Loans	7,145,696.64
Time Loans and Bills Discounted	37,463,034.23
Federal Reserve Bank Stock	360,000.00
Customers' Liability on Acceptances and Letters of Credit	3,865,508.88
TOTAL	<u>\$111,694,181.15</u>

Liabilities

Capital	\$6,000,000.00	
Surplus	6,000,000.00	
Undivided Profits.	<u>1,693,239.92</u>	\$ 13,693,239.92
Reserve for Taxes, Interest, etc.	1,219,461.83	
Acceptances and Letters of Credit.	3,894,658.88	
Deposits	<u>92,886,820.52</u>	
TOTAL		<u>\$111,694,181.15</u>

*Note: Market value of securities on December 31, 1931 was in excess of these figures.

STATEMENT OF CONDITION JUNE 30, 1933

Resources

Cash on Hand, in Federal Reserve Bank, and Due from Banks and Bankers	\$ 38,731,703.71
United States Government Securities*	33,033,406.99
State and Municipal Securities*	8,351,069.11
Other Bonds and Securities*	4,497,524.04
Prime Bankers Acceptances Purchased	14,324,656.13
Demand Loans	6,833,193.30
Time Loans and Bills Discounted	22,844,249.48
United States Government, State and Municipal Securities Deposited as Security for United States Government and Postal Savings De- posits*	\$ 7,937,140.91
Federal Reserve Bank Stock	360,000.00
Customers' Liability on Acceptances and Letters of Credit	1,352,660.30
TOTAL	<u>\$138,265,603.97</u>

Liabilities

Capital	\$6,000,000.00
Surplus	6,000,000.00
Undivided Profits.	<u>1,824,495.89</u>
Reserve for Taxes, Interest, etc.	\$ 13,824,495.89
Acceptances and Letters of Credit	1,522,777.35
United States Government and Postal Savings Deposits Secured as Above.	1,414,371.50
Deposits	7,690,569.58
TOTAL	<u>113,813,389.65</u>
	<u>\$138,265,603.97</u>

Note: Market value of securities on June 30, 1933 was in excess of these figures.

Comparative Statement of Deposits

June 30, 1913	\$ 22,960,377.83
June 30, 1923	42,139,350.24
June 30, 1933	113,813,389.65

In the next three or four years our organization felt the effects in several ways. The Harris Trust and Savings Bank began to feel it first through the gradual shrinkage in our reserves and deposits. We probably had at the beginning of the depression about \$700,000 in a reserve account which we had accumulated against unexpected losses. The N. W. Harris Company was not supposed to take any losses, as it had at the end of 1929 very few securities and its assets consisted mostly of cash.

Beginning in 1930, the situation was quite complicated. That is, we, together with most other people interested in securities, had no way of determining whether the market had reached the bottom or not, but there is an old saying that money will burn a hole in your pocket, and The N. W. Harris Company had so much money it did burn a hole in the company's pocket. Thinking the market had about reached the bottom it proceeded to increase its portfolio, expecting a normal demand. Well, the demand for conservative securities continued, but at an increasingly lower price, so the value of The N. W. Harris Company inventory gradually shrank and that is where we were in 1932 when a lot of things happened.

The writer perhaps visualized the financial conditions in the country a little better than he did the general business picture. Unemployment was the most trying, and, to the many unemployed, the most desperate of any situation which the writer remembers. Many of you will not remember much about it. They say time remedies most things, so most of us have forgotten it. The next few years following 1929 con-

tain so many events which changed our financial condition that the writer finds it difficult to separate them, as they crowded themselves into the picture so fast. We might take up first the banking situation in the country. We were primarily interested in that because of our banking business, but, since we of the Harris Trust and Savings Bank were in sound financial condition and our business was growing quite rapidly, we had not gotten around to worrying about the banking situation generally until about 1931. The writer was a member of the Clearing House Committee, kept in close touch with the chief bank examiner, and was gradually getting acquainted with the condition of the various banks in the association and also a number of outside institutions.

Due to his fact-finding habits, he began to perceive the weakness in the whole situation and discovered that many of the banks were really in serious condition. Getting in closer touch with the Clearing House Chief Examiner, Mr. Howard Sims, we had become quite alarmed over the situation not only here in Chicago, but over the country generally. We realized that something drastic would have to be done or the banking system would collapse. We remembered the trouble of the smaller banks some years before, when we had suggested that the way to solve the problem in the Northwest was for the Government to declare a moratorium on all the banks in the district, and reopen only those banks which were found to be sound, after providing them with enough money to see them through. The reader will remember that President Coolidge did not think the

situation was of enough importance for the Government to take a hand in that matter.

Now it seemed to us that conditions were entirely different. It was a national situation and banks in the larger cities all over the country were in trouble. We discussed the situation very thoroughly with the Clearing House examiner and decided without consulting with any of the other bankers that we should go down to Washington and sell the moratorium idea to the RFC as the only means of protecting the banking system. This we did. We sold it to the RFC one hundred per cent, but the Administration thought it was too drastic a plan and entirely unnecessary and so nothing was done about it.

Over the country, however, many of the banks were folding, and many of the larger ones were growing alarmed not only over the general situation, but over their own. This brings us to March 4, 1933 when Franklin Delano Roosevelt took office. This was about what might be called the depth of the depression. How things could be much worse would be hard to realize. When Franklin Roosevelt stepped into office, conditions generally throughout the country were in a very chaotic state. However, the writer will try to confine his comments to the banking situation. Of course, anything that has happened over twenty years ago perhaps comes to be considered history, and there is an old saying that "we learn from history that we learn nothing from history." However, if we can make an exception of this we can perhaps learn enough to make it valuable. One is not much interested in reading financial history, but, as it has to do

with our business and our reputation, it should interest all of us.

It was on March 6, 1933 that the Moratorium, which a group of conservative bankers had tried to sell the previous Administration, was put into effect. However, the plan that was then being proposed was to lend the sound banks what money they needed. When we heard of this we immediately got in touch with Secretary of the Treasury, Mr. William H. Woodin, and called his attention to the fact that the trouble was that the banks already owed too much money. If the RFC lent them more money and took their portfolio as collateral, these banks would be in worse position. Our recommendation was that the RFC should provide the banks with additional capital. This suggestion was made just in the nick of time and the Secretary, understanding its importance, got the law changed immediately. Instead of lending the banks money, the RFC purchased preferred stock from the banks up to such amount as necessary. This worked so well that the moratorium was over on March 13 and as a result the banking situation has steadily improved, until we now have as strong a banking system as it seems possible to make and one that has kept up with business growth and requirements all over the country ever since.

Hitting the high spots and without using figures, these are the events which affected banking conditions in Chicago at this time. First, there was a demonstration by the school teachers of the city. On July 1, 1931, they paraded the streets of the Loop and invaded the City Hall protesting the non-payment of their salaries, which would indicate the difficul-

ties the city was experiencing in collecting taxes. Things went along for a while and then the next thing that startled the community was a run on the banks. This began on June 22, 1932 and lasted until June 24, 1932. How to stop the run was the question. The situation became quite alarming. While there had been no undue demands made on the Harris Trust and Savings Bank, we were deeply concerned. It seemed there should be some way of reassuring the public and stopping the runs, but nothing seemed to avail. It was at this critical time we called together all of the officers of the bank and discussed at length what we could do to help restore confidence in banks. The unanimous conclusion was that we should discourage people from transferring their accounts to our bank. We should take the time to explain to these frightened folks that their deposits in their own banks were entirely safe, and that they would be doing themselves and their banks a disservice if they did not support their banks at that critical time. How much our endeavors helped we do not know, but we do know that in a few days the scare had subsided and banks soon were doing business as usual.

Having prevented the banking situation from collapsing, the next move by the Administration was to pass laws that would prevent a recurrence of the trouble. The first law passed was to put the banks out of the investment business. The next law passed was putting those interested in the investment business out of the banking business. So we liquidated The N. W. Harris Company and were out of the general investment business. Then a law was passed establishing the Securities and Exchange Commission. Thus in a short

time the whole banking and investment business was radically changed. Two things which helped materially were the forming of the Federal Deposit Insurance Corporation and more intelligent examinations of the banks. That is, the bank examiners not only checked the figures of the banks, but also checked their loans and the securities in their portfolios. The change was so marked and of so much benefit to the banks that we now have the system with which you are all familiar.

All these happenings occurred between 1929 and 1934. The country was still in the depths of the depression. While the laws passed had strengthened the banks and put them back on their feet, business had not improved much. Banks, of course, do not make business—they merely expedite it and business was still in the doldrums.

The Government decided to do something about it and passed a law referred to as the National Industrial Recovery Act in 1933. In other words they were trying to legislate prosperity. Well, most everybody knows that you cannot legislate prosperity or morals and so this act was voided in 1935. Under this act the Government was appointing committees to run and regulate every branch of business.

While recounting the foregoing events which affected the Harris Trust and Savings Bank, we recall that another situation arose in which we were all very much interested. It was in 1931 when Harris, Forbes & Company consolidated with the Chase Securities Company, an adjunct of the Chase National Bank. We had continued our joint account arrangements up to this time with Harris, Forbes & Company, but

when they consolidated with the Chase Securities Company, we discontinued these arrangements and Harris, Forbes & Company, the eastern member of our family, passed out of existence in 1931 as part of the original setup.

After the merger in 1931 of The Chase Securities Company and Harris, Forbes & Company, New York and Boston, The N. W. Harris Company opened a New York office and took over the purchase and distribution of bonds in a small way for the territory formerly allocated to Harris, Forbes & Company. When the Banking Act of 1934 was passed, the corporation bond business was turned over to Harris, Hall & Company and The N. W. Harris Company was placed in liquidation.

When the investment business of the Harris Trust and Savings Bank was greatly lessened by our being restricted to the purchase and sale of government and municipal bonds, many of the employees were gradually adjusted to the banking and other departments of the bank and no one lost his position because of the new law despite the fact that, in one year, it cost the bank approximately \$200,000 while this adjustment was being made.

As a result of these happenings, the Harris Trust and Savings Bank was now all that was left of N. W. Harris & Co. which was organized in 1882, but there was really more left than we ever had.

The organization of the Harris Trust and Savings Bank, organized in 1907, by 1936 had 707 employees. Its reputation was never better and the members of its organization had been responsible for these results.

HARRIS TRUST AND SAVINGS BANK

ORGANIZED AS N. W. HARRIS & CO., 1882, INCORPORATED 1907
HARRIS TRUST BUILDING, CHICAGO

To the Stockholders of the Harris Trust and Savings Bank:

Herewith is submitted our thirtieth annual statement as a bank and our fifty-fourth since the organization of N. W. Harris & Company.

The year ends with our reserves materially increased and all known losses charged off. After setting aside \$374,000.00 for taxes and contributing \$66,950.23 to the Employees Savings and Profit Sharing Fund and after providing for these increased reserves, the net operating profits for the year were \$1,272,054.26. Dividends amounting to \$510,000.00 were paid and the remaining \$762,054.26 was added to our Undivided Profits. The average capital employed was \$15,600,725.21 and the earnings thereon 8.15%, compared with 7.65% earned on the average capital employed in the previous year.

Our deposits have increased from \$188,593,640.29 on December 31, 1935, to \$219,468,445.07 on December 31, 1936, an increase of 16.37%.

Business in all the departments of the bank has materially increased, the largest percentage being in our Banking Department in the way of deposits. In view of the very low interest rates prevailing during the past year, it is gratifying to be able to report a reasonable increase in earnings. With an increase in the demand for capital goods, so-called, and improvement in the building trades and advancing commodity prices, interest rates should strengthen somewhat in the near future. Business conditions are reflecting the inflationary tendency of the times.

On behalf of the Officers and Directors,

Respectfully submitted,

ALBERT W. HARRIS,

Chairman of the Board.

December 31, 1936

Directors

ALBERT W. HARRIS	Chairman of the Board
HOWARD W. FENTON	President and Chairman of Executive Committee
FRANK B. FLOYD	President, The Pullman Company
F. O. HALE	President, Illinois Bell Telephone Co.
ARTHUR B. HALL	V. Hall & Ellis
STANLEY C. HINES	Vice-President
WILLIAM C. HODGSON	Vice-President
M. HADDON MACLEAN	Vice-President
JOHN MCKINLAY	Vice-President
FRANK McNAMARA	Executive Secretary
GEORGE E. GEORGE	President, American Steel Foundries
WILLIAM P. SIDLEY	Sidley, McPherson, Austin & Burgess
HAROLD H. SWIFT	Vice-President, Swift & Co.
JOHN F. WILSON	President, The Adams Express Co.
FRANK H. WOODS	Chairman of Board, Addressograph-Multigraph Corp.

Officers and Managers

ALBERT W. HARRIS	Chairman of the Board
HOWARD W. FENTON	President and Chairman of Executive Committee
BANKING DEPARTMENT	
FRANK B. FLOYD	Vice-President
JOHN S. BROCKSMIT	Vice-President
MARK A. BROWN	Vice-President
GUY E. REED	Vice-President
STANLEY C. HINES	Vice-President
M. HADDON MACLEAN	Vice-President
STANLEY G. HARRIS	Vice-President
WATSON H. VANDERPOLO	Vice-President
HARRY E. WEESMAN	Vice-President
HARRY E. WEESMAN	T. Cashier
RICHARD E. PRITCHARD	Vice-President
MAX C. GREGG	Vice-President
ALBERT F. MICHIE	Vice-President
JOHN F. MCGOWAN	Vice-President
VINCENT YAGER	Vice-President
CHESTER A. BUSH	Vice-President
GEORGE S. BELL	Vice-President
GEORGE SLIGHT	Vice-President
HERBERT M. KENNY	Vice-President
HAROLD B. BRAY	Vice-President
ARTHUR G. OSGOOD	Vice-President
PAUL C. MARTIN	Vice-President
JOHN F. WILSON	Vice-President
RANDOLPH G. OWSELY	Vice-President
GEORGE H. RIGLER	Vice-President
HENRY C. KINKAD	Vice-President
JOHN A. SPARROW	Vice-President
TRUST DEPARTMENT	
BOWMAN C. LINGLE	Vice-President
HAROLD ECKHART	Vice-President
DONALD C. MILLER	Vice-President
LYNN LLOYD	Vice-President
WALTER L. HUDSON	Vice-President
WM. FRANCE ANDERSON	Vice-President
WILLIAM H. MINTSH	Vice-President
FRANKLIN Q. MANN	Vice-President
MERWIN Q. LITTLE	Vice-President
GEORGE A. GLOW	Vice-President
WILLIAM C. GREGG	Vice-President
WILLIAM Q. HELLINGHAM	Vice-President
WARREN L. FELLINGHAM	Vice-President
T. S. KILEY	Vice-President
R. H. BRUNKHORST	Vice-President
M. C. BURKHART	Vice-President
RUFUS R. JEFFRIS	Vice-President
Manager Foreign Dept.	
Manager Savings Dept.	
Auditor	
Publicity Manager	

HARRIS TRUST AND SAVINGS BANK

Organized as N. W. HARRIS & CO., 1882. Incorporated 1907.
MEMBER OF FEDERAL RESERVE BANK

Statement of Condition December 31, 1936

Resources

Cash on Hand, in Federal Reserve Bank, and Due from Banks and Bankers	\$ 64,650,750.55
U. S. Government Securities, at par and accrued interest:	
Due five years or longer	7,296,186.22
Due less than five years	35,161,805.83
Due less than five years (set aside under Trust Companies Act to protect Trust Department's Cash Balances)	10,461,550.98
U. S. Treasury Bills at par	16,800,000.00
State and Municipal Securities, not exceeding market value:	
Due five years or longer	7,141,174.19
Due less than five years	27,883,231.74
Other Bonds and Investments, not exceeding market value:	
Due five years or longer	9,290,273.27
Due less than five years	15,381,622.87
Demand Loans	4,491,771.58
Time Loans and Bills Discounted	38,992,668.61
Illinois State and Municipal Securities, not exceeding market value, deposited under Trust Companies Act	500,000.00
Federal Reserve Bank Stock	390,000.00
Customers' Liability on Acceptances and Letters of Credit	1,492,317.35
TOTAL	\$ 239,993,459.19

Liabilities

Capital	\$ 6,000,000.00
Surplus	7,000,000.00
Undivided Profits	2,974,919.15
Reserve for Taxes, Interest, etc.	\$15,974,919.15
Acceptances and Letters of Credit	3,057,767.62
Trust Department's Cash Balances	1,492,317.35
Demand Deposits	10,148,345.18
Time Deposits	209,320,109.89
TOTAL	\$ 239,993,459.19

Condensed Statement of Profit and Loss Account

Undivided Profits, December 31, 1935	\$ 2,212,864.89
Net Profit, Year 1936	1,272,054.26
Dividends Paid	3,484,919.15
Undivided Profits, December 31, 1936	\$ 2,974,919.15

Member of Federal Deposit Insurance Corporation

This carries us through the ten-year period when many things happened and left the banking and investment business in an entirely different position. By this time, the banking system was very much improved. The investment business had been changed materially and, while the investment bankers, so-called, were not very well satisfied with the conditions under which they had to conduct their business, the investor was better protected. While many bank consolidations were effected during this period, as you all know, the Harris Trust and Savings Bank preferred to build its own business rather than consolidate with any other banking institution. We had several opportunities to do this which seemed rather flattering, but we had no intention of doing anything else but paddling our own canoe, keeping our reputation and organization, and relying upon our record and personnel for our future.

During this ten-year period in which so many financial changes had taken place, our reputation and business continued to grow. The December 31, 1936 statement will give the reader the figures and also the names of our directors and officers. With very few exceptions the officers all started in practically as office boys.

Those interested in financial statements might compare this 1936 statement with that of 1929 and, if they can visualize the happenings in between, they can realize the advances we were able to make all through this period, and see the results that were obtained based on the intelligent work of the organization and its reputation. It would be well to bear in mind, in this connection, the reduction in the volume of

all business, the losses that had been sustained by the public in their investments and the hesitation everyone felt regarding the future.

AFTER FIFTY-FIVE YEARS of following the fortunes of the Harris Organization, this may be a good time to stop and take a look backward, and sum up the situation as it is today.

When the writer was searching for a title to this chapter he thought of the "rest" places built on the hilly and mountainous roads of New England, where people stopped the horses so they could get their breath and rest a while. From these resting places you could look back over the hilly road you had been climbing, over the general countryside, and also take a look at the grade in front. These places were called "thank-you-ma'ams." Since a "thank-you-ma'am" is a place where you rest and look back over the grades you had been ascending and over the countryside, it seems a proper title for this chapter.

Some people are interested in names and the meaning of them and perhaps it may not be too great a diversion to give the derivation of the name "thank-you-ma'am." The writer got the story seventy-five years ago from his grandfather.

We were riding up into the hills from the little town of Becket in the Berkshire Hills and our buggy was drawn by a team of bay Morgan mares. One was called "the old mare" and the other was called "the colt." The old mare was in her twenties somewhere, and the colt was perhaps fifteen years old. It seems but yesterday we made this trip, its memory is so vivid. As we drove along, my grandfather said, "When we reach the next thank-you-ma'am you can get

out and pick some berries.” When I got back into the buggy with a few handfuls of blackberries in my hat and started to eat them, I looked over at my grandfather and said, “I know what these thank-you-ma’ams are for, but why do they call them thank-you-ma’ams?” As we proceeded up this mountain road, my grandfather told me this story.

“There was a farmer’s wife who lived up on the mountain-side with her family, and one morning she hitched up their horse Jerry, put several dozen eggs, a few pounds of butter and perhaps some cheese into the buggy, and told the children that she would be back from the village which lay at the bottom of the mountain about dinnertime. When she returned the children all gathered around her and said, ‘What is the news, Mom—anything happen?’ Well, their mother, trying to make a story out of the trip, told them that she and Jerry had negotiated the trip down to the village all right, had driven across the creek on the covered bridge, and that she had done her marketing at the store. Then she had called on the Doolittles and the Stillwells and started back. As the children continued to look at her anxiously for some really startling news, she added, ‘A funny thing happened coming back up the mountain. Every time I stopped Jerry on one of the resting places he looked around at me and said, “Thank-you-ma’am.” ’ The children, wild with laughter, ran to the neighboring farm to repeat the story and then told it at school the next day. Over the grapevine this story spread over New England and from that time to this these places have been called ‘thank-you-ma’ams.’ ”

The writer remembers a thank-you-ma’am that he used

to climb up to as a lad, and from which he could see a large part of the surrounding country. Opposite this thank-you-ma'am, on a cleared place on the mountains, stood a large white building all by itself, called the Washington Court House. This stood on the divide. Across the valley he could see the hilly farm on which his father, N. W. Harris, was born.

This childhood memory led to further reminiscing and the writer began to trace the activities of N. W. Harris & Co., of Boston and New York, and finally of Harris, Forbes & Company.

We have written about the fortunes of N. W. Harris & Co. and Harris, Forbes & Company and the wonderful organizations they built up, but as the memories of this organization crowded in on the writer there were two or three matters, which, before finally closing the history of Harris, Forbes & Company, it seemed to him would be of interest to the readers. The amount of business which they were able to do based on their reputation and know-how made them the largest distributors of investments in the United States.

The writer has previously referred to the consolidation of Harris, Forbes & Company with the Chase Securities Company, a subsidiary of the Chase National Bank, but these reminiscences brought the matter to the writer's attention more definitely and in a more interesting way than he has recorded them. For instance, after arrangements had been made to put the two organizations together there was a little luncheon at which there were only four people present. This was in 1931. There was John Macomber, Harry

Addinsell, Winthrop Aldrich, who, by the way recently retired as U. S. Ambassador to England, and the writer.

The luncheon was merely for the purpose of reporting that everything had been arranged satisfactorily for the merger, but it turned out to be a rather historical one. Out of the clear sky Winthrop Aldrich remarked, "There is just one matter that cannot be settled right now, and that is the joint account arrangement which the Harris Trust and Savings Bank has with Harris, Forbes & Company. This agreement can be canceled by our giving you six months' notice and that is what we are going to do." In other words, this meant the final cancellation of any connection between Harris, Forbes & Company and the Harris Trust and Savings Bank and resulted in A. W.'s withdrawal from Harris, Forbes & Company as chairman of the board.

It meant the final separation of any interest between the two organizations. From a business point of view A. W. didn't think it was a good idea. It had worked so satisfactorily for so many years, but Mr. Aldrich refused to discuss the business end of it. He took the position that the Chase National Bank was the largest bank in the country and that Chase Harris Forbes Corporation was the biggest investment organization in the country and that they could not afford to be shut out from doing business in the West. So he proposed that they give us notice at once so that the arrangement could be terminated at the end of six months. A. W. was balancing up the idea of the value of letting the agreement run for another six months or canceling it. His usual procedure had always been that if there was something you

were going to do, the sooner you did it the better, and so A. W. told Mr. Aldrich that if he wanted to have that agreement canceled we would cancel it as of that day. This pleased Mr. Aldrich very much, but Mr. Addinsell and Mr. Macomber were a bit startled at the suddenness of the decision.

The surprising thing is that the passing of banking laws by the Government which put the investment houses out of the banking business, and put the banks out of the investment business except for dealing in government and municipal bonds, came about just two years after this meeting, and the business which was to have been the largest investment business in the country was liquidated by the Chase National Bank. In fact, all the banks and investment houses in the country went through the same procedure, including the Harris Trust and Savings Bank's investment business, namely, The N. W. Harris Company, which we then liquidated.

Just two years after we four had finished the consolidation of Harris, Forbes & Company and the Chase Securities Company, they were out of business and apparently that was the end of Harris, Forbes & Company and very abruptly my reminiscences of Harris, Forbes & Company came to an end. It didn't seem possible that such an organization could have disappeared so completely and so quickly, but the laws compelled it. The writer found himself asking why such a thing could happen, but without any answer.

Then the writer climbed down from the thank-you-ma'am, took a train to Boston and secured the following

information. This was in 1936, two years after the new banking laws went into effect.

It seems that while Chase Harris Forbes Corporation had gone out of business and the auxiliary of the First National Bank of Boston, namely, The First of Boston Corporation, had also gone out of business, they had decided to form a new investment organization and what they did so interested the writer that he is giving an account of it here. How it all came about he never learned but this is what happened.

A new investment company was formed by those interested in the Chase National Bank and the First National Bank of Boston under the name of First Boston Corporation. They secured the capital by offering the stock to the stockholders of the Chase and First National Bank of Boston. They sold 500,000 shares of stock at \$18.00 per share thus securing a capital of \$9,000,000. The principal executive officers included seven men from Chase who had been brought up in Harris, Forbes & Company and two men from the First National Bank of Boston. Thus the new company started out with an organization headed largely by old Harris, Forbes & Company men. The thought was that the new company with this amount of capital and a large percentage of Harris, Forbes men would be able, on account of their reputation and know-how, to secure and keep a large percentage of the business formerly done by Harris, Forbes & Company. They had been operating for about two years and their expectations seemed to be justified. It seemed that the men from the old Harris, Forbes organiza-

tion were going to make a success of the undertaking.

John R. Macomber, formerly the head of Harris, Forbes & Company, Boston, was chairman of the board, and Harry M. Addinsell, one of the key men of Harris, Forbes & Company, New York, was chairman of the executive committee.

The new company was incorporated under a name which did not contain any reference to Chase Harris Forbes Corporation. They took the name of First Boston Corporation. As the writer picked up this information he realized that while the name of the new corporation was different, the old Harris, Forbes men predominated in the management and it might be said to be a continuation of the Harris, Forbes organization.

While Harris, Forbes & Company had gone out of business, the organization was still continuing in the same business, carrying with them on account of their reputation and the reputation of Harris, Forbes & Company a large share of that company's business. The writer was greatly pleased with the situation. Realizing that so many of his old associates were doing the same business that Harris, Forbes had been doing, the only difference being a change in name, he was again impressed with the value of a good reputation. Money could not have accomplished what they had started to do. Only the reputation they took with them could have done it. The company was started in 1934 and at this writing, namely, 1957, they have grown to be one of the largest dealers in investment securities in the world. They have increased their capital from \$9,000,000 to over \$20,000,000.

They have now 467 employees of which 133 are members of the Quarter Century Club.

Time, of course has made it advisable for some of the older men to retire. Colonel Pope retired a number of years ago, John Macomber, several years later, and Harry Addinsell more recently. Mr. Macomber is deceased, but at this writing Colonel Pope and Harry Addinsell remain as directors. All the rest of the original officials are still in charge and their business is continuing to expand. Of the present nine executive officers, three are old Harris, Forbes men and George Woods, formerly vice president of Harris, Forbes, is chairman of the board. So today we now have this large progressive investment company which might be said to be a successor of The First of Boston Corporation and of Harris, Forbes & Company, carrying on as a successor to the principles and policies of these two old firms. A few years after the organization started they acquired the Mellon Securities Company of Pittsburgh, a very old and conservative organization which added materially to their business.

This chapter has no real place in the history of our organization, and when the writer was asked the reason for inserting it he said "Just for Auld Lang Syne's sake and an opportunity to extend our best wishes to our friends in the First Boston Corporation."

THE READER will no doubt realize the great changes which took place in business and fortunes of the country during the preceding ten years. We had reached the height of what we thought was financial prosperity and then descended into the depths of a prolonged depression in spite of everything which could be done to restore business and employment to normal.

At the beginning of 1937, the country was still in the doldrums, so to speak, and business was very unsatisfactory. However, we were getting matters into better shape. Flaws in the banking situation had been remedied and conditions were slowly improving. Our business was getting under full headway again. We had been in the investment business as N. W. Harris & Co. for twenty-five years and during the next twenty-five years the Harris Trust and Savings Bank had been in the investment and banking business, but now we were just doing a banking business which included only the buying and selling of municipal bonds and governments. What gave the impetus to our business was, of course, the reputation we had made in the investment business and a short time in the banking business. Being legislated out of the corporation bond business was not as serious as we thought it might be because our clients continued as our clients. The large corporations whose financing we had previously done appointed us as trustee for the new and large issues of bonds they were marketing. As a result the business of our Trust Department was growing very fast. Our de-

posits were increasing and we were doing considerable commercial banking.

Our organization was functioning as usual, giving the best service we knew how to give and the best advice the experience of our organization qualified us to give. When the bank was organized we had only nine directors of which three were outside members. Now we have increased the number of our directors to twenty, of which there are sixteen outside members.

In writing of the organization it should be borne in mind that those we refer to as outside directors, because they are not employees of the bank, are nevertheless men who occupy very important positions in the organization. They are outstanding businessmen whose reputation adds materially to our own. We are very fortunate in having such men who are interested in directing the policies of the bank, willing to contribute their time and judgment to its affairs, serving on the various committees, and incidentally securing business for the bank. The fact that these men are willing to serve on our board and help direct its policies is an asset not measurable in figures and there is an old saying that "nothing succeeds like success." That we are able to secure the services of such outstanding men as directors has added materially to the success of the organization.

In 1939, the twenty-five-year cycle appears again. It was in 1914 that the first world war started in Europe, just twenty-five years before. It was in 1914 that Mr. N. W. Harris was in Paris and was told confidentially by Myron T. Herrick, Ambassador to France, to take the first boat for home as war

could not be averted. War was declared while he was enroute to New York. Now in 1939, just twenty-five years later, the writer was in Paris in the early fall with a party. Dean Jay, who was in charge of Morgan & Cie, J. P. Morgan and Company's Paris office, told him to take the first boat for home with his party as war was evident. When he landed in New York he found war had been declared while they were enroute. Two of his party, taking a chance, landed in London in a blackout, were hustled on board a Belgian freighter by the head of the American Express Company and with dim lights landed safely in New York.

When A. W. was asked whether he did not use poor judgment in taking a party to Paris when rumors of war were afloat, he replied, "It wasn't a case of poor judgment," and related the following story: Mrs. Harris had made all plans to celebrate their fiftieth wedding anniversary in Paris. When the time approached for making this trip Mrs. Harris came into his office and said she had all the arrangements made and everybody in the family was going and there was nothing left but to go. A. W. told her that in view of the rumors of war they had better call the trip off. Mrs. Harris' comment was, "Let's go—what's a war after fifty years." After the laughter had died down he said, "Young lady, you win. Let's go."

Now we had another war in prospect. Of course, President Roosevelt assured the country "again and again and again" that we would not get into the war. We are not trying to write a history of this period except to remind our readers of what they already know—that after Pearl Harbor on De-

cember 7, 1941, we entered the war. During the intervening time our business was not affected by war talk. In fact, it was gradually expanding.

To realize how much the business had grown, the statement for December 31, 1941 will show the percentage of growth and also contains the list of all our directors and officers. We were now quite a factor in the banking business of the country, not so much because of our size, but because of the reputation which our officers had established. The following incident can perhaps best illustrate this. Our vice president, Mark A. Brown, was in California, when he was called on the phone from Washington by the War Production Board and asked to come to Washington immediately. It seems that in the haste to secure war materials they had not made any satisfactory plans for financing the payments therefor. The large amount of expenditures which the companies were compelled to make necessitated their borrowing money to complete their contracts, and the banks were not inclined to advance money to the companies on the contracts which were so complicated they were not considered satisfactory security. Things were at a standstill and the War Production Board was looking for some solution of the problem but hadn't found a satisfactory one. At a conference held on Mr. Brown's arrival his first inquiry was for all the facts in connection with the matter, after which he suggested a plan which answered the requirements and under which the corporations could borrow from banks. The plan was so much simpler than the one the War Production Board had been working on that they adopted it immediately. It was put in-

HARRIS TRUST AND SAVINGS BANK

ORGANIZED AS N. W. HARRIS & CO., 182, INCORPORATED 1897.

HARRIS TRUST BUILDING, CHICAGO

To the Stockholders of the

Harris Trust and Savings Bank:

Herewith is submitted our thirty-fifth annual statement as a bank and our fifty-ninth since the organization of N. W. Harris & Company.

The year ends with our having what your Directors consider ample reserves after all known losses have been charged off. After setting aside \$315,632.99 for taxes and paying \$250,868.00 in insurance premiums to the Federal Deposit Insurance Corporation, we have added to our undivided profits and surplus \$1,000,000.00, contributing \$160,138.86 to the Employees' Savings and Profit Sharing funds, the net earnings for the year 1941 were \$1,441,249.67 compared with \$1,304,921.99 for the year 1940. Dividends amounting to \$600,000 were paid and the remaining \$781,249.67 was added to our Undivided Profits. In the month of December we transferred \$1,000,000 from our Undivided Profits account to our Surplus account, making that figure now \$9,000,000. Beginning with October 1 of the year past we increased our quarterly dividend rate from 2 1/2% to 3%, so that we are now paying at the rate of 12% per annum. For several years the rate has been 10% but we have paid in the past two years an extra dividend of 2%, and we are confident that our earnings and dividends are continuing to retain substantial amounts of our earnings in the business.

The average capital employed (Capital, Surplus and Undivided Profits) was \$18,412,917.86 compared with \$17,750,941.64 in 1940 and net earnings were equivalent to 7.83% on the invested capital compared with 7.35% in the previous year. Our deposits have averaged substantially more than in the year 1940 and now stand at \$321,526,593.22.

A particularly satisfactory development in our business has been the increase in loans to our customers, the figure now being \$94,170,819 compared with \$73,069,019 a year ago, an increase of 28.88%. We have sought to cooperate in the greatly increased demands of industry due to government requirements and have been successful in obtaining a large volume of business. Our investment business and our Trust Department has continued to do a satisfactory personal trust business and has added some excellent corporate trusteeships but the volume of this business has been less, due to the fact that corporations have not been doing much long term bond financing.

Our Investment Department has had a better year than a year ago and has operated at a reasonable profit taking into account the unusual market fluctuations during the period.

In the coming year we will expect to pay increased taxes and other expenses, some of which we hope to cover by income from more loans and perhaps by a better rate of interest. So much depends upon what the market does that it is impossible to say. We are confident that the future will be fortunate at this time, when great sums of money must be raised, that the banking situation is exceptionally strong. Whatever requirements are asked of the banks by the Government can and will be fulfilled. We Americans now are all in the service of our country.

On behalf of the Officers and Directors,

Respectfully submitted,

ALBERT W. HARRIS,
Chairman of the Board

HOWARD W. FENTON,
President, and Chairman
of Executive Committee

December 31, 1941.

Directors

ALBERT W. HARRIS	Chairman of the Board
HOWARD W. FENTON	President, and Chairman of Executive Committee
JAMES M. PARKER	Director, Sears, Roebuck and Co.
FRANK R. ELLIOTT	President, American
ARTHUR A. HARRIS	Vice-President
BOWMAN C. LINGLE	Vice-President
M. MADON MALLISTER	Vice-President
JOHN MCKINLAY	President, National Tea Co.
FRANK MCKINER	President, Illinois Bell Telephone Co.
CHARLES H. MORSE	Vice-President, Austin & Burgess
KARL H. SHAW	Vice-Chairman of Wilson & McVine
STUART J. TEMPLETON	Chairman of Board, The Adams & Westlake Co.
FRANK H. WOODS	Chairman of Board, Addressograph-Telegraph Corp.

Officers

ALBERT W. HARRIS	Chairman of the Board
HOWARD W. FENTON	President, and Chairman of Executive Committee
FRANK R. ELLIOTT	Vice-President
MARY S. BROWN	Vice-President
GUY E. REED	Vice-President
CHAS. H. MORSE	Vice-President
STANLEY Q. HARKMAN	Vice-President
PAUL S. RUSSELL	Vice-President
DONALD P. WELLES	Vice-President
HARRY E. WESSE	Vice-President
GEORGE SLOTH	Cashier
ALBERT P. MICH	Vice-President
JOHN F. MCGOWAN	Vice-President
JOSEPH A. MITCHELL	Vice-President
NORMAN N. FELLES	Vice-President
ROBERT A. BIAL	Vice-President
RANDOLPH Q. OWSELEY	Vice-President
CHES. BURKHART	Asst. Cashier
HERBERT M. KENNY	Asst. Cashier
PAUL C. MARTIN	Asst. Cashier
CHARLES A. CAREY	Asst. Cashier
EDMUND B. GROUT	Asst. Cashier
DONALD O. WATERBURY	Asst. Cashier
LEWIS S. WARD	Asst. Cashier
KENNETH V. ZWIENER	Asst. Cashier
EDMUND MOONING	Asst. Cashier
ROBERT WEISTER	Asst. Cashier
LESLIE A. WOOD	Asst. Cashier
JOHN C. KINKAID	Manager
JOHN B. STRAWN	Asst. Manager
CHARLES C. LOONEY	Comptroller
BURTON A. BRANNEN	Published by the Chicago Tribune
HERMAN C. SLOCUM	Chief Clerk
FRED L. STONE	Personnel Officer
MARY A. KENNEDY	Personnel Officer

INVESTMENT DEPARTMENT

FRANK MCNAIR	Vice-President
GEORGE H. BELLES	Asst. Vice-President
EVERETT A. SHEA-WOOD	Sales Manager
WOODWARD BURGETT	Mgr. Municipal Dept.
ROSWELL E. SWADEY	Mgr. Municipal Dept.

TRUST DEPARTMENT

BOWMAN C. LINGLE	Vice-President
HAROLD ECKHART	Vice-President
LYNN LLOYD	Vice-President
CHARLES J. ROUBIK	Asst. Vice-President
WM. FRANCE ANDERSON	Asst. Vice-President
WILLIAM H. MILESTED	Asst. Vice-President
FRANKLIN O. MANN	Asst. Vice-President
PAUL N. MITCHELL	Asst. Vice-President
WENDELL C. GRIFFITH	Asst. Secretary
WILLIAM O. HEATH	Asst. Secretary
ROY M. RUSBY	Asst. Secretary
THOMAS C. BARNES	Asst. Secretary
T. S. KILEY	Trust Counsel

FOREIGN DEPARTMENT

JOHN A. SPARROW	Manager
CHARLES C. LOONEY	Comptroller
BURTON A. BRANNEN	Published by the Chicago Tribune
HERMAN C. SLOCUM	Chief Clerk
FRED L. STONE	Personnel Officer
MARY A. KENNEDY	Personnel Officer

SAVINGS DEPARTMENT

JOHN C. KINKAID	Manager
JOHN B. STRAWN	Asst. Manager

HARRIS TRUST AND SAVINGS BANK

Organized as N. W. HARRIS & CO. 1882, Incorporated 1907.
MEMBER OF FEDERAL RESERVE SYSTEM

Statement of Condition December 31, 1941

Resources

Cash on Hand, in Federal Reserve Bank and Due from Banks and Bankers	\$ 111,638,857.52
U. S. Treasury Bills, at par	2,294,000.00
U. S. Government Securities, not exceeding market:	
Due prior to January 1, 1948	35,619,451.55
Due on or after January 1, 1948	13,481,908.44
(Including \$16,029,000 set aside to protect Trust Department's Cash Balances)	
State and Municipal Securities, not exceeding market:	
Due prior to January 1, 1948	38,305,880.17
Due on or after January 1, 1948	6,007,544.07
(Including \$500,000 deposited with State Auditor under Trust Companies Act)	
Other Bonds and Investments, not exceeding market:	
Due prior to January 1, 1948	29,015,920.11
Due on or after January 1, 1948	14,993,264.83
Loans and Discounts	94,170,819.96
Federal Reserve Bank Stock	450,000.00
Customers' Liability on Acceptances and Letters of Credit	115,424.85
Interest Earned but not Collected	944,483.46
Other Resources	273,182.40
Total	\$ 347,310,737.36

Liabilities

Capital	\$ 6,000,000.00
Surplus	9,000,000.00
Undivided Profits	3,803,156.54
	\$ 18,803,156.54
Reserves for Taxes, Interest, Contingencies, etc.	6,798,586.54
Acceptances and Letters of Credit	182,401.06
Demand Deposits	\$ 278,515,356.98
Time Deposits	27,090,999.96
Trust Department's Cash Balances	15,920,236.28
	\$ 321,526,593.22

Total \$ 347,310,737.36

Condensed Statement of Profit and Loss

Net Operating Earnings After Deductions for Reserves for Contingencies, Taxes, etc.	\$ 1,601,388.53
Contributions to Employees' Savings and Profit Sharing Funds	160,138.86
Net Earnings for Year 1941	\$ 1,441,249.67
Dividends Paid	660,000.00
Balance Added to Undivided Profits	\$ 781,249.67
Undivided Profits, December 31, 1940	4,021,906.87
	\$ 4,803,156.54
Transferred to Surplus, December, 1941	1,000,000.00
Undivided Profits, December 31, 1941	\$ 3,803,156.54

Member of Federal Deposit Insurance Corporation

to effect and the banks made the necessary loans. These loans were called Victory Loans or "V" Loans, and through this procedure corporations were able to secure the money necessary to complete their contracts. This showed that the War Production Board had called on the right party for advice. Of course we were pleased that one of our officers had been instrumental in helping the Government solve this important problem so quickly and satisfactorily.

This second world war lasted for four years or until 1945, which was 38 years after the bank had been organized. The writer will omit any further reference to our organization's participation in this war except to say that we took our share in it and its resulting casualties. Over the years, time had taken many of our organization but it had also added more than it had taken. The number of our employees at this time was 721. We had been adding so many people to our force that we now occupied eight floors in the Harris Trust Building.

The increase in the details of the business compelled us to start to mechanize it. We began with adding machines, but the work we were required to do to serve our customers piled up so fast that it could not be handled expeditiously and correctly without the aid of machines, so the bank entered the mechanical age within the next few years. The surprising thing was that our women turned out to be the best mechanics and are still handling most of our bank machinery.

We began to enlarge our services to customers by taking over detail work which they were not equipped to handle. Much of this was taken over by our Trust Department. This

consisted largely of bookkeeping work. We not only accepted deposits and loaned money but kept many of our clients' records, and had to expedite the work through mechanical devices.

Some of us may be familiar with the devices but many are not, and it may be well to refer to them here so that we can all get a better idea of how we are able to take care of all the business entrusted to us. We now have extended our pneumatic tube system through which we transmit from the vaults such items as securities, currency, deposits and checks to the proper departments, thus saving time, footwork and additional help. The machines used are of great assistance. In fact, the volume of business done could not be carried on without them. For instance, coin-sorting and wrapping machines, various bookkeeping machines, and tabulating equipment do an immense amount of detail accurately. With our microfilming, photostating and printing departments, we are able to consolidate records and afford the bank full protection for any items in transit, which enables us to expedite materially an immense amount of detail.

The reason for all this complicated machinery can be readily understood when your attention is called to the tremendous amount of detail required to handle accounts such as pension accounts for large corporations and registrar and transfer agent accounts. Also our handling of post office lock box items for customers requesting it. This allows customers to have their remittances picked up by the bank directly from the post office, resulting in reduced mailing costs on the part of the customer and faster availability of

their funds. Then, of course, there are records to be kept for securities that are held for safekeeping, and crediting of dividends and coupons to the proper account. By this time the writer may be getting into so many details that the reason for doing them may be overshadowed. Our aim is to serve our clients to their best advantage in any or all of their financial matters. Bank records are accepted in court because of their accuracy.

The writer thinks that this may give us all a better idea of the many services we are providing our customers. No matter how small or how large the financial requirements may be, we are prepared to handle them. We have not yet secured a machine that will give our customers accurate advice about their business, nor do we expect one will ever be invented. However, there are people in our organization who can give this advice, and so, with the combination of machines and brains, we are trying to provide the best banking service possible. We shall not be satisfied with the good results we have accomplished, but try to improve our services wherever possible. This will probably suffice for a description of what makes the wheels go around in our organization.

During this period we had put into effect some important changes in the plans governing profit sharing and retirement. It had become apparent that proceeds of the profit sharing funds would not provide sufficient benefit upon retirement, and, as an additional protection for our employees, we established a pension fund in 1944. At this time the retirement age of sixty-five for men and sixty for women was made compulsory.

With the war over and business much improved, owing to the war expenditures, our business also improved. Our position in the financial and banking world had been advanced materially. The age limit had retired several of our officers. Whether this plan of retirement at sixty-five is the proper solution is problematical, but it is the best solution so far suggested. Fortunately most of our officers who have retired on account of age are still available, and we call on them for advice and suggestions quite frequently, so we really have not lost them.

Our statement on the next page shows the growth we had made by the end of the war and the much stronger financial position we were in as the result of the increased business done during these war years.

The statement shows that we had increased our capital two million dollars and our surplus three million and our deposits had increased over two hundred million. All three departments, the Banking Department, the Trust Department and the Investment Department, contributed materially to these results. Some of our officers were not so busy but that they were able to give part of their time to civic matters. Thus we had become an integral part of the city with its complex problems and had carried out our wish to serve beyond that of merely working for our personal interests.

The organization during the year 1946 gave a good account of itself in all departments and hence we wound up the year with a very satisfactory statement which, combined with the increased reputation we had made, was a credit to everyone in it.

STATEMENT OF CONDITION DECEMBER 31, 1945

Resources

Cash on Hand and Due from Banks	\$ 153,504,384.44
U. S. Treasury Bills and Certificates	78,620,378.39
U. S. Government Bonds and Notes	134,090,271.66
State and Municipal Securities	31,652,403.77
Other Bonds and Securities	48,229,774.15
Loans and Discounts	134,662,096.41
Federal Reserve Bank Stock	600,000.00
Customers' Liability on Acceptances and Letters of Credit	999,624.10
Accrued Interest and Other Resources	2,259,654.71
TOTAL	\$ 584,618,587.63

Liabilities

Capital	\$ 8,000,000.00
Surplus	12,000,000.00
Undivided Profits.	2,373,976.69
Reserves for Contingencies, Taxes, Interest, etc.	11,238,650.70
Acceptances and Letters of Credit	999,624.10
Demand Deposits	\$ 516,661,417.03
Time Deposits	33,344,919.11
TOTAL	\$ 584,618,587.63

\$142,910,800.00 of United States Government obligations and \$300,000.00 of State and Municipal Securities are pledged to secure \$122,640,437.98 of United States Government Deposits and \$18,177,925.21 of Trust Deposits and to qualify for fiduciary powers.

Member of Federal Deposit Insurance Corporation

"IF YOU TALK about a thing long enough you will do it" and having talked for so long about acquiring the Harris Safe Deposit Company, which held title to and operated the Harris Trust Building, the bank finally decided to do it. The purchase was made on March 13, 1948. Having purchased the property, the bank started to make improvements which the growth of the business necessitated. Most of you folks know what these were, but the cost was considerable and when most of our plans had been carried out, we had supplanted the old hydraulic elevators with automatic electric ones and had built a large new securities vault. Within the next year or two we had rented and equipped three connecting floors in the building to the east. Finally we installed air conditioning in all the space in the building occupied by the bank. While the cost of all these improvements was large, they were all needed to expedite the work of the bank.

By this time the bank, in addition to occupying the first eight floors and two basements of the Harris Trust Building, was overflowing into upper floors. Foreseeing the need for an enlarged building, the bank purchased in 1952 eighty feet of frontage on Clark Street, adjoining the rear of the bank building. In 1956, the sixteen-story structure just north of this eighty feet and adjoining the bank on Monroe Street was also purchased. The bank by now was renting more than four floors in this building. The bank also acquired in 1956 the building immediately to its west, which will soon provide four floors and basement of connecting office space.

This will meet the bank's temporary requirements, pending completion of plans for utilization of the Clark Street properties to meet the bank's long-range building needs.

All this followed the acquiring of the Safe Deposit Company as a wholly owned subsidiary and the necessity for taking care of the growth of the business.

It was at the annual meeting of the directors in 1948 that the writer retired as a director after sixty years' association, during which he filled various assignments with the organization. His only comment at the time was that he would like to do it all over again if he could have the same associates. This retirement reminds the writer that none of the presidents which the bank has had since its organization died in office, except Paul S. Russell, whose untimely death occurred on January 8, 1950. Mr. Russell was elected president of the bank on January 9, 1946, after 30 years with the organization. A graduate of the University of Chicago he served with distinction in the first world war. His career at the bank was one of steady progress. His untimely death was a severe blow to the bank and to the community. With the exception of Mr. N. W. Harris and H. W. Fenton, all the others—Albert W. Harris, Frank R. Elliott and Mark A. Brown—while on the retired list, are available for suggestions and advice. The same thing applies to the retired vice presidents living in the Chicago area, namely Messrs. Lingle, McNair, Broeksmit, Brinkman, Miller, Reed and Pritchard. The long association with the organization of all these men of high character and ability represents over 418 years of service and has been a great asset. Kenneth V. Zwiener was elected

president on January 12, 1955 to take Mr. Mark A. Brown's place on his retirement. He was elected at the age of 49 after serving the organization in various capacities for twenty-five years.

The growth of our business and profits had enabled us to increase our capital from time to time by declaring stock dividends. The year-end statement for 1956 shows capital increased to fifteen million and surplus to twenty million. It is interesting to note that from the initial \$30,000 with which Mr. N. W. Harris started the company in 1882, the capital funds of the Harris Trust and Savings Bank plus reserves have grown to \$51,371,000 in 1956.

This history is a biography of the organization and not of any individual and the results have been obtained by all in the organization. As briefly as possible the writer thinks the following statement will cover in a general way what he has been trying to put into this sketch: namely, none of us could accomplish very much without the help of all of us. All of us could not have secured the results we have without the help of each of us. What is the value of a name? That depends on what is put into it. The foregoing account of what has been put into this organization by its members will give the reader an idea of the value of the name—Harris Trust and Savings Bank, Organized as N. W. Harris & Co., 1882. Incorporated 1907.



HARRIS *Trust and Savings* BANK

ORGANIZED AS N. W. HARRIS & CO. 1882 • INCORPORATED 1907

CHICAGO



Statement of Condition, December 31, 1956

HARRIS Trust

STATEMENT

De

Resources

Cash on Hand and Due from Banks	\$211,092,152.69
U. S. Government Securities	120,698,339.03
State and Municipal Securities	48,312,450.97
Other Bonds and Securities	5,715,426.42
Loans and Discounts	361,035,445.77
Federal Reserve Bank Stock	1,050,000.00
Customers' Liability on Acceptances	5,719.99
Accrued Interest and Other Resources . . .	3,248,184.55
Bank Premises	4,875,000.00
	\$756,032,719.42

United States Government Obligations a
to secure Public and Trust Deposits and

Member Federal Reserve System.

“You

and Savings BANK

CONDITION

1, 1956

Liabilities

Demand Deposits	\$605,206,614.86	
Time Deposits	92,921,161.04	
Total Deposits		\$ 698,127,775.90
Dividend Payable January 2, 1957		450,000.00
Acceptances		5,719.99
Reserves for Taxes, Interest, etc.		6,077,287.46
General Contingency Reserve		7,418,105.44
Capital	\$15,000,000.00	
Surplus	20,000,000.00	
Undivided Profits	8,953,830.63	
Total Capital Funds		43,953,830.63
		<u>\$756,032,719.42</u>

Securities carried at \$70,256,370 are pledged
for purposes as required or permitted by law.

Federal Deposit Insurance Corporation.

al Bank"

Directors and Officers

For Your Convenience

BANKING

First, Second and Third Floors

CHECKING ACCOUNTS of corporations, firms and individuals.

COMMERCIAL LOANS to firms and corporations based upon their record, financial strength and management; also loans on collateral.

SAVINGS DEPARTMENT. Compound interest paid on savings deposits.

FOREIGN DEPARTMENT. Exchange, drafts and letters of credit provided for foreign travel and commerce.

CORRESPONDENT BANK DEPARTMENT.

TRUST

Fifth, Sixth and Seventh Floors

FOR INDIVIDUALS . . . executor and trustee under wills, trustee under agreement, administrator, guardian, custodian, agent, investment agent and conservator.

FOR CORPORATIONS . . . trustee and paying agent of bond issues, transfer agent and registrar of stock issues, trustee or agent under employees' pension and profit sharing trusts.

INVESTMENT

Twelfth Floor

Since 1882 the purchase and sale of state and municipal bonds has been an important part of the business of the Harris organization. We specialize in these *tax-exempt securities* for the accounts of banks, individuals, estates and institutional investors.

SAFE DEPOSIT VAULTS

The fully equipped public safe deposit vaults of the Harris Safe Deposit Corporation, one floor below the street level, are conveniently accessible by elevator and stairway.

APPENDIX I

WHAT'S WRONG WITH KANSAS?

[From the Emporia, Kas., *Gazette*, Aug. 15, 1896]

TO-DAY the Kansas department of agriculture sent out a statement which indicates that Kansas has gained less than 2,000 people in the last year. There are about 125,000 families in the state, and there were about 10,000 babies born in Kansas, and yet so many people have left the state that the natural increase is cut down to less than 2,000 net. This has been going on for eight years.

If there had been a high brick wall around the state eight years ago and not a soul had been admitted or permitted to leave, Kansas would be half a million souls better off than she is to-day. And yet the nation has increased in population. In five years 10,000,000 people have been added to the national population, yet instead of gaining a share of this—say 500,000—Kansas has apparently been a plague spot, and in the very garden of the world has lost population by the ten thousands every year.

Not only has she lost population, but she has lost wealth. Every moneyed man in the state who could get out without great loss has gone. Every month in every community sees some one who has a little money pick up and leave the state. This has been going on for eight years. Money is being drained out all the time. In towns where ten years ago there were three or four or half a dozen money lending concerns stimulating industry by furnishing capital there is now none or one or two that are looking after the interest and principal already outstanding.

No one brings any money into Kansas any more. What community knows over one or two men who have moved in with more than \$5,000 in the last three years? And what community cannot count half a score of men in that time who have left, taking all the money they could scrape together?

Yet the nation has grown rich. Other states have increased in population and wealth—other neighbouring states. Missouri has gained nearly two million, while Kansas has been losing half a million. Nebraska has gained in wealth and population while Kansas has gone

Appendix I

down hill. Colorado has gained in every way, while Kansas has lost in every way since 1888.

What is the matter with Kansas?

There is no substantial city in the state. Every big town save one has lost in population. Yet Kansas City, Omaha, Lincoln, St. Louis, Denver, Colorado Springs, Sedalia, Des Moines, the cities of the Dakotas, St. Paul and Minneapolis—all cities and towns in the west have steadily grown.

Take up the government blue book and you will see that Kansas is virtually off the map. Two or three little scabby consular places in yellow fever stricken communities that do not aggregate \$10,000 a year is all the recognition Kansas has. Nebraska draws about \$100,000; little old North Dakota draws \$50,000; Oklahoma doubles Kansas; Missouri leaves her a thousand miles behind; Colorado is almost seven times greater than Kansas—the whole west is ahead of Kansas.

Take it by any standard you please, Kansas is not in it.

Go east, and you hear them laugh at Kansas, go west and they sneer at her, go south and they “cuss” her, go north and they have forgotten her. Go into any crowd of intelligent people gathered anywhere on the globe and you will find the Kansas man on the defensive. The newspaper columns and magazine pages, once devoted to praise of the state, to boastful facts and startling figures concerning her resources, now are filled with cartoons, gibes and Pefferian speeches. Kansas just naturally isn’t in the civilized world. She has traded places with Arkansaw and Timbuctoo.

What’s the matter with Kansas?

We all know; yet here we are at it again. We have an old moss-back Jacksonian, who snorts and howls because there is a bath-tub in the statehouse; we are running that old jay for governor. We have another shabby, wild-eyed, rattle-brained fanatic who has said openly in a dozen speeches that “the rights of the user are paramount to the rights of the owner”; we are running him for chief justice, so that capital will come tumbling over itself to get into the state. We have raked the ash heap of human failure in the state and have found an old hoopskirt of a man who has failed as a business man, who has failed as an editor, who has failed as a preacher, and we are going to run him for congressman at-large. He will help the looks of the Kansas delegation in Washington. Then we have discovered a kid

without a law practice, and have decided to vote for him as attorney-general. Then for fear some hint that the state had become respectable might percolate through the civilized portions of the nation, we have decided to send three or four harpies out lecturing, telling the people that Kansas is raising hell and letting corn go to weeds.

Oh, this is a state to be proud of! We are a people who can hold up our heads. What we need here is less money, less capital, fewer white shirts and brains, fewer men with business judgment, and more of these fellows who boast that they are "just ordinary old clodhoppers, but that they know more in a minute about finance than John Sherman." We need more men who are "posted," who can bellow about the crime of '73, who hate posterity, and who think that because a man believes in national honor that he is a tool of Wall Street. We have had a few of them, some 150,000, but we want more. We need several thousand gibbering idiots to scream about the "Great Red Dragon" of Lombard Street. We don't need population, we don't need wealth, we don't need well dressed men on the streets, we don't need standing in the nation, we don't need cities on these fertile prairies; you bet we don't. What we are after is the money power. Because we have become poorer and ornerier and meaner than a spavined, distempered mule, we, the people of Kansas, propose to kick. We don't care to build up, we wish to tear down.

"There are two ideas of government," said our noble Bryan at Chicago. "There are those who believe that if you just legislate to make the well-to-do prosperous their prosperity will leak through on those below. The democratic idea has been that if you legislate to make the masses prosperous their prosperity will find its way up and through every class and rest upon us."

That's the stuff. Give the prosperous man the dickens. Legislate the thriftless into ease; whack the stuffing out of the creditors, and tell the debtor who borrowed money five years ago, when the money in circulation was more general than it is now, that the contraction of the currency gives him a right to repudiate.

Whoop it up for the ragged trousers; put the lazy, greasy fizzle, who can't pay his debts, on an altar and bow down and worship him. Let the state ideal be high. What we need is not the respect of our fellow men, but a chance to get something for nothing.

Oh, yes, Kansas is a great state. Here are people fleeing from it

Appendix I

by the score every day, capital going out of the state by the hundreds of dollars, and every industry except farming paralyzed, and that crippled because its products have to go across the ocean before they can find a laboring man at work who can afford to buy them. Let's don't stop this year. Let's drive all the decent, self-respecting men out of the state. Let's keep the old clodhoppers who know it all. Let's encourage the man who is "posted." He can talk, and what we need is not mill hands to eat our meat, nor factory hands to eat our wheat, nor cities to oppress the farmer by consuming his butter and eggs and chickens and produce; what Kansas needs is men who can talk, who have large leisure to argue the currency question while their wives wait at home for that nickel's worth of bluing.

What's the matter with Kansas?

Nothing under the shining sun. She is losing wealth, population and standing. She has got her statesmen, and the money power is afraid of her. Kansas is all right. She has started in to raise hell, as Mrs. Lease advised, and she seems to have an over-production. But that doesn't matter. Kansas never did believe in diversified crops. Kansas is all right. There is absolutely nothing wrong with Kansas. "Every prospect pleases and only man is vile."



This remarkable picture taken November 21, 1956 in the dining room of the Harris Trust and Savings Bank includes three retired presidents and seven retired vice presidents of the bank.

Standing around Albert W. Harris are, from left to right: Guy E. Reed, Donald C. Miller, Richard E. Pritchard, Bowman C. Lingle, Frank R. Elliott, Mark A. Brown, Frank McNair, John S. Broeksmit and Harry A. Brinkman.

APPENDIX II

AN HISTORICAL LUNCHEON was held on November 21, 1956 in the Harris Trust and Savings Bank. Those in attendance were ten retired officers of the bank. The surprising thing was that three of those present were ex-presidents of the bank and the other seven were retired vice presidents. With everyone well and in good working condition the conversation naturally centered around the business of the bank, and incidentally, on the amount of reserves that have been set aside to care for unknown contingencies. In this connection, the fact that those present represented a reserve of manpower which was available to the bank at any time in case of an emergency made it apparent that the bank was equally protected both in cash reserves and reserves in manpower. The youngest member of the group, who retired last year, was 66 years old, and had been with the bank 33 years. The oldest was 89, who had retired 9 years ago after 60 years of service. A like number of retired bank officers from one bank, all in good working condition, would be hard to find.

What has brought this about was the 65-year retirement rule which went into effect a few years ago. Another astonishing thing is the fact that all but one of these retired officers have offices in the Harris Trust and Savings Bank Building and, of course, are available for advice at any time. The continuity of the organization has been maintained ever since the business was started as N. W. Harris & Co. in 1882.



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